

SPEECH

OF

MR. BUCHANAN, OF PENNSYLVANIA,

ON THE POWER OF THE

BANK OF THE UNITED STATES

UNDER ITS PENNSYLVANIA CHARTER;

IN SUPPORT OF THE BILL TO PREVENT IT FROM RE-ISSUING AND CIRCULATING THE NOTES OF THE OLD BANK;

AND,

ON THE CAUSES WHICH PRODUCED THE SUSPENSION OF SPECIE PAYMENTS, AND THOSE WHICH MUST NOW EFFECT A SPEEDY RESUMPTION:

DELIVERED IN THE SENATE OF THE UNITED STATES, APRIL 23, 1838.

ALSO, HIS

REPLY TO MR. CLAY, OF KENTUCKY,

ON THE SAME DAY.

WASHINGTON:

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FOR THE DEPARTMENT OF THE INTERIOR

1900

REPORT TO THE SECRETARY OF THE INTERIOR

ON THE STATE OF

WASHINGTON

PREPARED BY THE BUREAU OF

GEOLGY

SPEECH.

RESURRECTION NOTES.

In Senate, Monday, April 23, 1838—On the engrossed bill to prohibit the issue and circulation of the notes of the late Bank of the United States.

Mr. BUCHANAN said there was but one consideration which could induce him, at the present moment, to take any part in the discussion of the bill now before the Senate. He felt it to be his duty to defend the Legislature of the State which he had, in part, the honor to represent, from the charge which had been made against them by the Senator from New Jersey [Mr. WALL] and other Senators, and by many of the public presses throughout the country, that, in rechartering the Bank of the United States, they had conferred upon it the powers of a great trading company. This charge was wholly unfounded in point of fact. The charter had not constituted it a trading company; and he felt himself bound to make the most solemn and public denial of that charge. If this Bank had become the great cotton merchant which was represented, and he did not doubt the fact, it had acted in express violation of its charter. He therefore rose, not to criminate, but to defend the Legislature of his native State.

The Democratic party of Pennsylvania had been, unfortunately, divided in 1835; and the consequence was the recharter of the Bank of the United States. Of the wisdom or policy of this measure (said Mr. B.) the Senate of the United States are not constituted the judges. I shall never discuss that question here. This is not the proper forum. I shall leave it to the sovereign people of the State. To them, and to them alone, are their representatives directly responsible for this recharter of the Bank. As a citizen of the State, I have, on all suitable occasions, both in public and in private, expressed my opinion boldly and freely upon the subject. In a letter from this city, dated on the 30th June, 1836, which was published throughout the State, I have presented my views in detail upon this question; and I feel no disposition to retract or recant a single sentiment which I then expressed. On the contrary, experience has only served to confirm my first convictions.

My task is now much more agreeable. It is that of defending the very Legislature who renewed the charter of the Bank, from the charge which has

been made and reiterated over and over again, here and throughout the country, of having created a vast corporation, with power to deal in cotton, or any other article of merchandise. A mere reference to the charter, will, of itself, establish my position. It leaves no room for argument or doubt. The rule of common reason, as well as of common law, is, that a corporation can exercise no power, except what has been expressly granted by its charter. The exercise of any other power, is a mere naked usurpation. On the present occasion, however, I need not resort to this rule. The charter not only confers no such power of trading, but it contains an express prohibition against it. It was approved by the Governor on the 18th day of February, 1836, and the fifth fundamental article contains the following provision: "*The said corporation shall not, directly or indirectly, deal or trade in any thing except bills of exchange, gold and silver bullion, or in the sale of goods really and truly pledged for money lent and not redeemed in due time, or goods which shall be the proceeds of its lands.*" In this particular, it is but a mere transcript from the charter granted to the late Bank by Congress on the 10th of April, 1816, which was itself copied from the charter of the first Bank of the United States, established in the year 1791. I have not recently had an opportunity of examining the charter of the Bank of England, but I believe it contains a similar provision. The Senate will, therefore, at once perceive that there is as little foundation for charging the Legislature of Pennsylvania with conferring upon the existing bank the enormous powers of a great trading company, as there would have been for making a similar charge against the first or the last Congress which chartered a Bank of the United States. It is true that the Bank, under its existing charter, can deal much more extensively in stocks than it could have done formerly; but this power does not touch the present question.

The Bank, by becoming a merchant and dealing in cotton, has clearly violated its charter, and that, too, in a most essential particular. Either the Legislature or the Governor may direct a *scire facias* to issue against it for this cause; and, if the fact be found by a jury, the Supreme Court of the State can exercise no discretion on the subject, but must, under the express terms of the act creating it, judge its charter to be forfeited and annulled, whether the Legislature or the Governor shall put

sure this course, is for them, not for me, to decide. This Bank has already so completely entwined itself around our system of internal improvements and common school education, that it doubtless believes it may violate its charter with impunity. Be this as it may, the sin of speculating in cotton lies at the door of the Bank, and not at that of the Legislature.

Heaven knows the Legislature have been sufficiently liberal in conferring powers upon this institution; but I doubt whether a single member of that body would have voted to create a trading company, with a capital of \$35,000,000, in union with banking privileges. Let us pause and reflect for a moment upon the nature and consequences of these combined powers. A bank of discount and circulation, with such an enormous capital, and a trading company united! By expanding or contracting its discounts and circulation, as a bank, it can render money plenty or money scarce, at its pleasure. It can thus raise or depress the price of cotton, or any other article, and make the market to suit its speculating purposes. The more derangement that exists in the domestic exchanges of the country, the larger will be its profits. The period of a suspension of specie payments is its best harvest, during which it can amass millions. It is clearly the interest of this Bank, whatever may be its inclination, that specie payments should continue suspended, and the domestic exchanges should continue deranged as long as possible. The ruin of the country thus becomes its most abundant source of profit. Accordingly, what do we find to have been its course of policy? I have heard it described by several gentlemen from the South and Southwest, some of whom are members of this body. It has gone into that region of the Union with these resurrection notes of the old Bank, the reissue of which this bill proposes to prohibit; and, in some States, it has exchanged them, the one-half for the depreciated local currency, and the other half for specie. With this local currency it has purchased cotton, and sent it to England for the purpose of paying its debts there, whilst with the specie it has replenished its vaults at home. In other States it has exchanged these dead notes of the old Bank for the notes of the local banks, receiving a large premium on the transaction, and with the latter has purchased cotton on speculation. A general resumption of specie payments would at once put an end to this profitable traffic. It has, then, first violated the charter from Congress by reissuing the notes of the old Bank, and then violated the charter from Pennsylvania by speculating in cotton. During the suspension of specie payments, these notes have been the only universal paper circulation throughout the country; and thus, by reissuing them, in defiance of the law, the present Bank has been enabled to accumulate extravagant profits.

This charge against the Bank of speculating in cotton has never, to my knowledge, been contradicted. We have heard it from the other side of the Atlantic, as well as from the South and the Southwest. The Whig press of our country has commended, nay, almost glorified the Bank for going into the cotton market, when that article was depressed, and making large purchases, and its

friends in England have echoed these notes of praise. Its example has produced a new era in banking. We find that the Southern and Southwestern banks have also become cotton merchants; and, from present appearances, the trade in this great staple of our country is no longer to be conducted by private merchants, but by banking corporations.

Under this system, what will be the fate of your private merchants? This practice must be arrested, or they must all be ruined. The one or the other alternative is inevitable. What private individual can enter the cotton market in competition with the banks of the country? Individual enterprise can accomplish nothing in such a struggle. It would be the spear hurled by the feeble hand of the aged Priam, which scarce reached the buckler of the son of Achilles. The Bank of the United States, which, according to the testimony of its president, might have destroyed, by an exertion of its power, almost every bank in the country, could, with much greater ease, destroy any private merchant who might dare to interfere with its speculations. Such a contest would be that of Hercules contending against an infant. It can acquire a monopoly against individual merchants in any branch of mercantile business in which it may engage; and, after having prostrated all competition, it can then regulate the price of any article of commerce according to its pleasure. I do not say that such is either its wish or its intention; but I mean thus to illustrate the vast and dangerous power which it may exercise as a merchant. The East India company monopolized the trade of Asia, but it possessed no banking powers. It could not, therefore, by curtailing or expanding its issues, make money scarce or make money plenty at pleasure, and thereby raise or depress the price of the articles in which it traded. In this respect its power as a merchant was inferior to that now exercised by the Bank of the United States.

How vain, then, I might almost say how ridiculous, is it for the people of the South to make the attempt to establish merchants in the Southern seaports for the purpose of conducting a direct trade with Europe in cotton and other articles of their production, in opposition to the Bank of the United States and their own local banks. This effort must fail, or the banks must cease to be merchants. I am glad to learn that, at the late Southern convention, this alarming usurpation by the banks of the appropriate business of the merchant has been viewed in its proper light. The time, I trust, is not far distant when they will be confined, by public opinion, to their appropriate sphere. What a fatal error it is for any free people, tempted by present and partial gain, to encourage and foster such institutions in a course which must, if pursued, inevitably crush the merchants of the country who conduct its foreign trade! As a class, these merchants are highly meritorious, and entitled to our support and protection against a power which, if suffered to be exerted, must inevitably destroy them.

Philadelphia is a city devoted to the interests of the Bank; but even in that city, if it should undertake to speculate in flour, in coal, or in any other article which is poured into her market from the

rich abundance of the State, such conduct would not be submitted to for a moment. The Legislature of the State would at once interpose to protect our merchants. Such an attempt would at once break the spell of bank influence. And yet it possesses no more power to deal in Southern cotton than it does in Pennsylvania flour. It will remain a banker at home; whilst its mercantile speculations will be confined to the Southern and Southwestern provinces of its empire.

The reason will now, I think, appear manifest why the Parliament of Great Britain, the Congress of the United States, and the Legislature of Pennsylvania, have so strictly prohibited their banking institutions from dealing in any thing except bills of exchange and gold and silver bullion. If the Bank of England should dare to invade the province of the merchants and manufacturers of that country in a similar manner, the attempt would instantly be put down. Every man acquainted with the history and character of the people of England, knows that such would be the inevitable consequence. And yet this violation of law, on the part of the Bank of the United States, has been lauded in our free Republic.

As I am upon the floor, I shall proceed briefly to discuss the merits of the bill now before the Senate. It proposes to inflict a fine not exceeding ten thousand dollars, or imprisonment not less than one nor more than five years, or both such fine and imprisonment, at the discretion of the court, upon those who shall be convicted under its provisions. Against whom does it denounce these penalties? Against directors, officers, trustees, or agents of any corporation created by Congress, who, after its term of existence is ended, shall reissue the dead notes of the defunct corporation, and push them into the circulation of the country, in violation of its original charter. The bill embraces no person, acts upon no person, interferes with no person, except those whose duty it is, under the charter of the old bank, to redeem and cancel the old notes as they are presented for payment, and who, in violation of this duty, send them again into circulation.

This bill inflicts severe penalties, and, before we pass it, we ought to be entirely satisfied, first, that the guilt of the individuals who shall violate its provisions is sufficiently aggravated to justify the punishment: second, that the law will be politic in itself; and, third, that we possess the constitutional power to enact it.

First, then, as to the nature and aggravation of the offence. The charter of the late Bank of the United States expired, by its own limitation, on the 3d of March, 1836. After that day, it could issue no notes, discount no new paper, and exercise none of the usual functions of a bank. For two years thereafter, until the 3d of March, 1838, it was merely permitted to use its corporate name and capacity "for the purpose of suits for the final settlement and liquidation of the affairs and accounts of the corporation, and for the sale and disposition of their estate, real, personal, and mixed; but not for any other purpose, or in any other manner, whatsoever." Congress had granted the bank no power to make a voluntary assignment of its property to any corporation or any individual. On the contrary, the plain meaning of the charter was, that all the

affairs of the institution should be wound up by its own President and Directors. It received no authority to delegate this important trust to others; and yet what has it done? On the second day of March, 1836, one day before the charter had expired, this very president and these directors assigned all the property and effects of the old corporation to the Pennsylvania Bank of the United States. On the same day, this latter Bank accepted the assignment, and agreed to "pay, satisfy, and discharge all debts, contracts, and engagements, owing, entered into, or made by this [the old] Bank, as the same shall become due and payable, and fulfil and execute all trusts and obligations whatsoever arising from its transactions, or from any of them, so that every creditor or rightful claimant shall be fully satisfied." By its own agreement, it has thus expressly created itself a trustee of the old Bank. But this was not necessary to confer upon it that character. By the bare act of accepting the assignment, it became responsible, under the laws of the land, for the performance of all the duties and trusts required by the old charter. Under the circumstances, it cannot make the slightest pretence of any want of notice.

Having assumed this responsibility, the duty of the new Bank was so plain that it could not have been mistaken. It had a double character to sustain. Under the charter from Pennsylvania it became a new banking corporation; whilst, under the assignment from the old Bank, it became a trustee to wind up the concerns of that institution under the act of Congress. These two characters were in their nature separate and distinct, and never ought to have been blended. For each of these purposes it ought to have kept a separate set of books. Above all, as the privilege of circulating bank notes, and thus creating a paper currency, is that function of a bank which most deeply and vitally affects the community, the new Bank ought to have cancelled or destroyed all the notes of the old Bank which it found in its possession on the 4th of March, 1836, and ought to have redeemed the remainder, at its counter, as they were demanded by the holders, and then destroyed them. This obligation no Senator has attempted to doubt, or to deny. But what was the course of the Bank? It has grossly violated both the old and the new charter. It at once declared independence of both, and appropriated to itself all the notes of the old Bank, not only those which were then still in circulation, but those which had been redeemed before it accepted the assignment, and were then lying dead in its vaults. I have now before me the first monthly statement which was ever made by the Bank to the Auditor General of Pennsylvania. It is dated on the 2d of April, 1836, and signed J. Cowperthwaite, acting cashier. In this statement the Bank charges itself with "notes issued," \$36,620,420 16; whilst in its cash account, along with its specie and the notes of State banks, it credits itself with "notes of the Bank of the United States and offices," on hand, \$16,794,713 71. It thus seized these dead notes to the amount of \$16,794,713 71, and transformed them into cash; whilst the difference between those on hand and those issued, equal to \$19,825,706 45, was the circulation which the new Bank boasted it had inherited

from the old. It thus, in an instant, appropriated to itself, and adopted as its own circulation, all the notes and all the illegal branch drafts of the old Bank which were then in existence. Its boldness was equal to its utter disregard of law. In this first return, it not only proclaimed to the Legislature and people of Pennsylvania that it had disregarded its trust as assignee of the old Bank, by seizing upon the whole of the old circulation and converting it to its own use, but that it had violated one of the fundamental provisions of its new charter.

In Pennsylvania we have, for many years past, deemed it wise to increase the specie basis of our paper circulation. We know that, under the universal law of currency, small notes and gold and silver coin of the same denomination cannot circulate together. The one will expel the other. Accordingly, it is now long since we prohibited our banks from issuing notes of a less denomination than five dollars. The Legislature which rechartered the Bank of the United States, deemed it wise to proceed one step further in regard to this mammoth institution; and in that opinion I entirely concur. Accordingly, by the sixth fundamental article of its charter, they declare that "the notes and bills which shall be issued by order of said corporation, or under its authority, shall be binding upon it; and those made payable to order shall be assignable by endorsement *but none shall be issued of a denomination less than ten dollars.*"

Now, it is well known to every Senator within the sound of my voice, that a large proportion of these resurrection notes, as they have been aptly called, which have been issued and reissued by order of the new bank, are of the denomination of five dollars. Here, then, is a plain, palpable violation, not only of the spirit, but of the very letter of its charter. The Senate will perceive that the Bank, as if to meet the very case, is not merely prohibited from issuing its own notes, signed by its own president and cashier, of a denomination less than ten dollars, but this prohibition is extended to the notes or bills which shall be issued by its order, or under its authority. If I should even be mistaken in this construction of the law, and I believe I am not, it would only follow that its conduct has not amounted to a legal forfeiture of its charter. In both cases the violation of the spirit of its charter, and the contravention of the wise policy of the Legislature, are equally glaring. So entirely did the Bank make these dead notes its own peculiar circulation, that until July last, in its monthly returns to the Auditor General of Pennsylvania, the new and the old notes are blended together, without any distinction. In that return we were, for the first time, officially informed that the Bank had ever issued any notes of its own.

And here an incident occurs to me which will be an additional proof how lawless is this Bank, whenever obedience to its charter interferes in the least degree with its policy. By the tenth fundamental article of that charter, it is required to "make to the Auditor General monthly returns of its condition, showing the details of its operations according to the forms of the returns the Bank of the United States now makes to the Secretary of the Treasury of the United States, or according to such

form as may be established by law." From no idle curiosity, but from a desire to ascertain, as far as possible, the condition of the banks of the country, and the amount of their circulation, I requested the Auditor General, during the late special session of Congress in September, to send me the return of the bank for that month. In answer, he informed me, under date of the 22d of September, that the bank had not made any return to his office since the 15th of the preceding May. Thus, from the date of the suspension of specie payments until some time after the 22d of September last, how long I do not know, a period during which the public mind was most anxious on the subject, the Bank put this provision of its charter at defiance. Whether it thus omitted its duty because at the date of the suspension of specie payments it had less than a million and a half of specie in its vaults, I shall not pretend to determine. If this were the reason, I have no doubt that it sent to the Auditor General all the intermediate monthly returns on the 2d of October, 1837, because at that period it had increased its gold and silver to more than three millions of dollars.

In order to illustrate the enormity of the offence now proposed to be punished, Senators have instituted several comparisons. No case which they have imagined equals the offence as it actually exists. Would it not, says one gentleman, be a flagrant breach of trust for an executor, entrusted with the settlement of his testator's estate, to reissue, and again put in circulation for his own benefit, the bills of exchange or promissory notes which he had found among the papers of the deceased, and which had been paid and extinguished in his lifetime? I answer, that it would. But, in that case, the imposition upon the community would necessarily be limited, whilst the means of detection would be ample. The same may be observed in regard to the case of the trustee, which has been suggested. What comparison do these cases bear to that of the conduct of the Bank? The amount of its reissues of these dead notes of its testator is many millions. Their circulation is coextensive with the Union, and there is no possible means of detection. No man who receives this paper can tell whether it belongs to that class which the new Bank originally found dead in its vaults, or to that which it has since redeemed and reissued, in violation of law; or to that which has remained circulating *lawfully* in the community, and has never been redeemed since the old charter expired. There is no earmark upon these notes. It is impossible to distinguish those which have been illegally reissued from the remainder.

I can imagine but one case which would present any thing like a parallel to the conduct of the Bank. In October last, we authorized the issue of \$10,000,000 of Treasury notes, and directed that when they were received in payment of the public dues, they should not be reissued, but be cancelled. Now, suppose the Secretary of the Treasury had happened to be the president of a bank in this District, and, in that character, had reissued these dead Treasury notes, which he ought to have cancelled, and again put them into circulation, in violation of the law, then a case would exist which might be compared with that now before the Senate. If such a case should ever occur, would not the Se-

cretary at once be impeached; and is there a Senator upon this floor who would not pronounce him guilty? The pecuniary injury to the United States might be greater in the supposed than in the actual case; but the degree of moral guilt would be the same.

Whether it be politic to pass this law is a more doubtful question. Judging from past experience, the Bank may openly violate its provisions with impunity. It can easily evade them by sending packages of these old notes to the South and Southwest, by its agents, there to be reissued by banks or individuals in its confidence. There is one fact, however, from which I am encouraged to hope that this law may prove effectual. No man on this floor has attempted to justify, or even to palliate, the conduct of the Bank. Its best friends have not dared to utter a single word in its defence against this charge. The moral influence of their silence, and the open condemnation of its conduct by some of them, may induce the Bank to obey the law.

I now approach the question—do Congress possess power under the Constitution to pass this bill? In other words, have we power to restrain the trustees of our own Bank from reissuing the old notes of that institution which have already been redeemed and ought to be destroyed? Can there be a doubt of the existence of this power? The bare statement of the question seems to me sufficient to remove every difficulty. It is almost too plain for argument. I should be glad if any gentleman would even prove this power to be doubtful. In that event I should refrain from its exercise. I am a State Rights man, and in favor of a strict construction of the Constitution. The older I grow, and the more experience I acquire, the more deeply rooted does this doctrine become in my mind. I consider a strict construction of the Constitution necessary not only to the harmony which ought to exist between the Federal and State Governments, but to the perpetuation of the Union. I shall exercise no power which I do not consider clear. I call upon gentlemen, therefore, to break their determined silence upon this subject, and convince me even that the existence of the power is doubtful. If they do, I pledge myself to vote against the passage of the bill.

If this power could only be maintained by some of the arguments advanced by the friends of the bill, in the early part of this discussion, it never should receive my vote. Principles were then vowed scarcely less dangerous and unsound than the principle on which the Senator from Vermont [Mr. PRENTISS] insists that the friends of the bill must claim this power. He contends that it does not exist at all, unless it be under that construction of the Constitution advocated by his friend from Massachusetts, [Mr. WEBSTER,] which would give to Congress power over the whole paper currency of the country under the coining and commercial powers of the Constitution. The Senator from Connecticut [Mr. NILES] was the first in this debate who presented in bold relief the principle on which this bill can securely rest.

Neither shall I dodge this question, as some Senators have done, by taking shelter under the pretext that it is a question for the judiciary to decide,

whether the general language of the bill be applicable to the officers of the Bank of the United States under the Pennsylvania charter. We all know that it was intended to embrace them. Indeed, it was their conduct, and that alone, which called this bill into existence. It is true that the provisions of the bill extend to all corporations created by Congress; but it is equally certain, that had it not been intended to apply to the Bank of the United States, it would have been confined in express terms to the District of Columbia, where alone corporations now exist under the authority of Congress. Away with all such subterfuges! I will have none of them.

Suppose, sir, that at any time within the period of two years thus allowed by the charter to the president and directors of the Bank to wind up its affairs, these officers, created under your own authority, had attempted to throw thirty millions of dollars of their dead paper again into circulation, would you have had no power to pass a law to prevent and to punish such an atrocious fraud? Would you have been compelled to look on and patiently submit to such a violation of the charter which you had granted? Have you created an institution, and expressly limited its term of existence, which you cannot destroy, after that term has expired? This would indeed be a political Hydra which must exist for ever, without any Hercules to destroy it. If you possess no power to restrain the circulation of the notes of the old Bank, they may continue to circulate for ever in defiance of the power which called them into existence. You have created that which you have no power to destroy, although the law which gave it birth limited the term of its existence. Will any Senator contend that during these two years allowed by the charter for winding up the concerns of the bank, we possessed no power to restrain its president and directors from reissuing these old notes? There is no man on this floor bold enough to advance such a doctrine. This point being conceded, the power to pass the present bill follows as a necessary consequence.

If the president and directors of the old Bank could not evade our authority, the next question is, whether, by assigning the property of the corporation to a trustee the day before the charter expired, and delivering up to him the old notes which ought to have been cancelled, they were able to cut this trustee loose from the obligations which had been imposed upon them by the charter, and from the authority of Congress. Vain and impotent, indeed, would this Government be, if its authority could be set at naught by such a shallow contrivance. No, sir, the fountain cannot ascend beyond its source. The assignee in such a case is not released from any obligation which the assignor assumed by accepting the original charter. In regard to Congress, the trustee stands in the same situation with the president and directors of the old Bank. We have the same power to compel him to wind up the concerns of the bank, according to the charter, that we might have exercised against those from whom he accepted the assignment. The question is too plain for argument.

The present case is still stronger than the one which I have presented. It is an assignment by

the old Bank of the United States, not to strangers, not to third persons, but to themselves, in the new character conferred upon them by the Legislature of Pennsylvania. The new charter expressly incorporates all the stockholders of the old Bank, except the United States, so that the individuals composing both corporations were identical. For the purpose of effecting this transfer from themselves to themselves, they got up the machinery of one President and one Board of Directors for the old Bank, and another President and another Board of Directors for the new Bank. What kind of answer, then, would it be to Congress for them to say, True, we accepted a charter under your authority, by which we were bound to reissue none of our old notes after the 3d March, 1836, but we have since assumed a new character; and under our old character, we have transferred the Bank which you created, to ourselves in our new character; and we have thus released ourselves from all our old obligations, and you have no constitutional power to enforce them against us? No sir, no sir; we have the power, and it is our duty, to compel the president and directors of the Bank, which we established, or their assignees, to close its concerns; and this power will continue until the duty shall be finally accomplished. The one power is a necessary implication from the other. If this duty has not been performed within the two years which we have allowed for its fulfilment, our power depends not upon any such limitation, but upon the fact whether the concerns of the Bank have been actually closed. If this were not the case, then all the affairs of the Bank left unfinished at the end of these two years would be outlawed. This limitation was intended not to abridge the power of Congress, but to hasten the action of the president and directors in winding up the concerns of the Bank. At this very session, and since the two years have expired, Congress has passed an act, without a shadow of opposition from any quarter, giving the president and directors of the old Bank authority to prosecute and defend existing suits. I should be glad to see any Senator rise in his place, and make even a plausible argument in opposition to these plain and almost self-evident positions.

In this brief argument, I have not attempted to derive any power from the fact that the United States were proprietors of one-fifth of the stock of the old Bank, and that they might be rendered responsible, either legally or equitably, for the eventual redemption of these dead notes. I disclaim any such source of power. To be a proprietor is one thing, and to be a sovereign is another. The mere fact that we owned stock can confer no power upon us, which we would not have possessed, had we never been interested to the amount of a dollar. We should have the same power to wind up a bank emanating from our sovereign authority in the one case as in the other. We possess the same power to close the concerns of all the banks in the District of Columbia after their charters shall have expired, although we are not proprietors of any of their stock, which we have to wind up the Bank of the United States, in which we were so deeply interested.

I need scarcely observe that I do not contend for any power to punish citizens of the United States,

or even the officers of banking institutions, except such of them only as the trustees of the Bank created by ourselves, for issuing these dead notes. We intend to punish the trustees under our own law, and them alone for the violation of that law. These notes may circulate from hand to hand without rendering those who receive or those who pay them obnoxious to any punishment. Even if we possessed the power, it would be highly unjust to attempt its exercise. As I observed before, these notes have no earmarks, and no man can tell whether any one of them has been illegally reissued by the bank since the 3d March, 1836, or whether it was issued before that date, and has continued legally to circulate in the community ever since.

I repeat, I should be glad to see any Senator, and especially any one who believes that Congress possesses the constitutional power to charter a Bank of the United States, rise in his place, and make even a plausible argument in opposition to the plain and almost self-evident positions which I have taken in support of the power to pass this bill. Those Senators who doubt or who deny our power to create such a bank are placed in a different situation, because their vote in favor of this bill might at first view seem, by implication, to concede that power. This objection does not appear to me to be sound. That question cannot be fairly raised by this bill. Whether the charter of the late Bank was constitutional is no longer a fair subject of consideration. It was adopted by Congress, approved by the President, and afterwards pronounced to be constitutional by the highest judicial tribunal of the land. It thus received every sanction necessary to make it binding on the people of the United States. The question was thus settled beyond the control of any individual, and it was the duty of every good citizen to submit. Under every Government there must be a time when such controversies shall cease; and you might now as well attempt to exclude Louisiana from the Union, because you may believe her admission was unconstitutional, as to act upon the principle, in the present case, that Congress had no power to charter the late Bank. No man on this floor had ever avowed that he would vote to repeal the charter of the late Bank, during the twenty years of its existence, because he might have thought it was originally unconstitutional. During this period all were obliged to submit. Under such circumstances, it would be carrying constitutional scruples very far, indeed, for any gentleman to contend that, although the Bank has existed under the sanction of a law which we were all bound to obey, we cannot now execute that law and close its concerns, because as individuals we may have deemed it to be originally unconstitutional. If it had been so, the obligation upon us would only be the stronger to wind it up finally, and thus terminate its existence.

I most cheerfully admit that if an attempt should ever be made to charter another bank, the question of constitutional power would then again be referred to each individual member of Congress, to be decided according to the dictates of his own judgment and his own conscience.

Before I take my seat, I intend to make some remarks on the causes of the suspension of specie

payments by the banks of the country, and the uses equally powerful which must, and that long, compel a resumption.

The late manifesto issued by the present Bank of the United States displays, upon its face, that it is inherited from the old bank an unconquerable position to interfere in the politics of the country. This has been its curse, its original sin, to which it owes all its calamities and all its misfortunes. It has not yet learned wisdom from its former experience. Would that it might, and confine itself to its appropriate sphere! As a citizen of Pennsylvania, I most ardently and devoutly press this wish. It has now set itself up, as the primary power, against the resumption of specie payments, and has attempted to enlist in the same cause all the other banks of the country. Its language to them is, that "the Bank of the United States makes common cause with the other banks." And again: "They (the banks) are now safe and strong, and they should not venture beyond their entrenchments, while the enemy is in the plain before them." "The American banks should do, in short, what the American army did at New Orleans, stand fast behind their cotton bales, until the enemy has left the country."

Thus whilst every eye and every heart was directed to the banks, expecting anxiously from them a speedy resumption of specie payments, this grand manipulator of the currency has proclaimed to the country that all its vast power will be exerted to prevent the accomplishment of our wishes.

The Bank does not even attempt to conceal the fact that, in pursuing this course, it has been actuated by political hostility against the present Administration. It has boldly avowed that "if the banks resume, and are able, by sacrificing the community, to continue for a few months, it will conclusively employed at the next elections to show that the schemes of the Executive are not as destructive as they will prove hereafter." In plain language, the banks must not resume before the next elections; they must not open their vaults, pay their debts, and thus redeem the country from the curse of an irredeemable paper currency; because, if they should, this may operate in favor of the present Administration, and place its opponents in a minority. And such is the conduct of the Bank whilst it vaunts its own ability to resume immediately.

The Bank proceeds still further, and complains that "bank notes are proscribed not merely from the land offices, but from all payments of every description to the Government." I would ask, has any Senator upon this floor, has any statesman of any party in the country, ever raised his voice in favor of the receipt by the Government of irredeemable bank paper? I beg their pardon; two Senators have proposed such a measure, [Messrs. PRESTON and CLAY;] but I will do them the justice to say, that although I considered their proposition most unwise and impolitic, and resisted it as such at the time, yet they intended by this means to enable the banks the sooner to resume specie payments.

Mr. PRESTON. It was exclusively limited to that consideration.

Mr. BUCHANAN. Although the proposition was limited to the first of August, the Senators them-

selves, upon reflection, thought it so improper that they abandoned it, and we have heard nothing of it since.

What would have been the condition of the country, at the present moment, had we received irredeemable bank notes in payment of the public dues? The banks, by our conduct, would have been encouraged to increase their discounts and expand their issues, and we should have gone from bad to worse, until, at this moment, we should have had no prospect of the resumption of specie payments. Mr. Cheves has informed us that if the Government had not stood firm in 1819 against the receipt of irredeemable notes, the banks would at that period have suspended. Much more necessary is it that we should now maintain the same ground, in order to secure a resumption. Had we pursued any other course, it is true we should have had but one currency for the Government and the people; but it would have been a currency of irredeemable bank rags, without the hope of a better. And yet the Bank of the United States complains that the Government does not receive such paper. In order to have done so, we must have repealed the existing laws upon the subject; and who has ventured to propose any such measure?

The Bank of the United States has succeeded, at the late Bank Convention in New York, in keeping its forces behind their cotton bales. The banks of only two States in the Union have voted against the resolution to suspend the resumption of specie payments until the first day of January next. These were New York and Mississippi; and whether the latter voted thus because their banks are ready now to resume, or desired to postpone resumption until a still more distant day, I shall not pretend to determine. After this display of power, no one will question the ability of the Bank to keep its forces behind their entrenchments, unless they should be driven into the plain by the resistless power of public opinion.

Several weeks ago I attempted to imitate the illustrious examples which had been set before me on this floor, and became a political prophet. I then predicted that, before the close of the present year, commerce and manufactures would again revive and flourish, and the country would be restored to its former prosperity. The signs of the times have already confirmed the truth of this prophecy. Encouraged by past experience, I shall venture to make another prediction: There is not a sound and solvent bank in any of the Atlantic States of this Union, including the Bank of the United States, which will not have resumed specie payments long before the first of January. All the opposition of the banks themselves cannot prevent this result. In the very nature of things it must come to pass. The power of public opinion is yet still greater in this country than that of the banks. The Bank of the United States will not be able to keep its forces behind their cotton bags until so late a period.

It is now too late in the day for us any longer to doubt what was the true cause of the suspension of specie payments. That question has been settled on the other side as well as on this side of the Atlantic. Abundance of light has been shed upon

this subject, and no two sound-judging men, at all acquainted with the facts, can arrive at different conclusions. It has already become history. And yet the Bank, in its manifesto, has not once alluded to this cause. What was it? In the perpetual fluctuations which must ever be produced by our present banking system, unless it should be regulated by State legislation, of which I now almost despair, it was expanded in the commencement of the year 1837 almost to the point of explosion. The bubble is created, it expands, and reflects the most brilliant colors. Its admirers gaze upon it with hope and ecstasy, when, suddenly, it bursts, and leaves them in ruin and despair. Such has been the history of the past, and such will be that of the future. This expansion had produced, as it must ever produce, enormous speculation and over-trading. The commercial debt which we then owed to England for foreign merchandise was immense. We must have suffered the fatal collapse sooner or later, but a circumstance then occurred in England which at once produced the explosion. It was the spark applied to the magazine of gunpowder.

A similar state of expansion then existed in England. They were threatened with similar evils from extravagant bank credits, and their inevitable consequence—enormous speculation and over-trading. The Bank of England had in vain attempted to control the joint-stock banks, and confine them within reasonable limits. She at last became alarmed for her own safety. In the beginning of 1837 her stock of specie was reduced to about four millions of pounds sterling, or one-sixth of her circulation and deposits. This was not more than one-half of the proportion which, it is believed, she ought to have in order to render her secure. The state of the foreign exchanges was gradually withdrawing the remaining bullion from her vaults. At this crisis, under the influence of a panic, she withdrew her credits from the American houses in England, and ruined them. The price of cotton, in consequence, suddenly fell from nineteen and twenty cents to seven and eight cents per pound; and thus, according to the best and most discreet estimate which I have seen, we lost at least thirty millions of dollars. This sum was thus, as it were, in a single moment, abstracted from our means of paying the immense commercial balance against us. At the close of this disastrous operation, that balance was estimated at forty millions of dollars. What was the immediate consequence? A drain of specie then commenced from our banks for exportation, in order to pay this debt, and they were thus compelled to suspend or be ruined. Another circumstance existed to increase our embarrassments. Our merchants had drawn heavy bills upon England, predicated upon the cotton which they had shipped there, expecting to receive the old prices. In consequence of the sudden fall of prices, these bills were dishonored, and came back protested. Thus many of our largest mercantile houses were ruined.

The catastrophe proceeded from the same causes, and was similar in both countries, except that in England the banks were not compelled to suspend specie payments. The revenue of both has been insufficient to meet the current expenses of the Go-

vernment, and each will be obliged to borrow nearly the same sum to supply the deficiency.

This is now history, which can neither be charged nor perverted. On both sides of the Atlantic men of business and practical statesmen have come to the same conclusion. Away, then, with your Specie Circular; your mismanagement of the deposits, and your clamor raised by the Executive against bank notes, as the causes of the suspension of specie payments. The Bank calculates too much upon the political credulity of the people when, at this late day, after the subject is perfectly understood, it attempts to palm off upon them such exploded reasons for the suspension. A convulsion which has shaken the commercial world to centre, and has extended over three quarters of the globe, could never spring from such trivial causes.

If the Executive has been carrying on a war against the credit system of the country, and in favor of an exclusive metallic currency for the people of the United States, I am ignorant of the fact. I have never even suspected it. I believe this is mere phantom which has been conjured up to alarm the fears of the timid. If the President ever should wage any such war, I shall not fight under his banner. The only pretext upon which this charge has been founded is, that he and his political friends desire to separate the business of the Treasury from that of the banks, not to render them hostile to each other. Until that propitious day shall arrive, we shall be forever agitated by the connection of the currency with our miserable party politics. Political panics, political pressures, charges against the Government for exercising an improper influence over the banks, and charges against the banks for interfering with the politics of the country; all, which have kept us in a state of constant agitation for the last seven years will continue to exist and will be brought into action upon every successive election for President and Vice President. We shall thus continue in a state of perpetual commotion; and the great interests of the country will be sacrificed. Let the Treasury and the banks pass in peace, and whilst they are mutually independent, let them wage no war against each other; and I solemnly believe it would be the greatest blessing which could be conferred upon both parties. To this extent I should go with the President if I had the power; but when I determine to obey instructions, I shall do it honestly and fairly. I shall therefore, say no more on this subject.

It is true that at the special session I did endeavor to prove that the present banking system, under its existing regulations, was one of the very worst which the art of man could devise. Under it, ruinous expansions and revulsions must continue to succeed each other at stated periods, and many of the best and most enterprising men of the country must become its victims. I then expressed a hope, not unmingled with fear, that the State Legislatures at their next session might impose whole some restrictions upon their banking institutions—restrictions which would prove equally advantageous to the banks and the people. These Legislatures have all now risen without prescribing any such regulations, and we are destined again and again to pass through the same vicissitudes which we have so often already witnessed.

the Whigs have always been exceedingly un-
in regard to the time of these periodical re-
ons, occasioned by excessive banking. They
either come too soon or too late to answer
political purposes. Had the suspension of
payments occurred one year sooner than it
the hero of Tippecanoe might have been the
ssor of the hero of New Orleans. But the re-
on came again at the wrong time; and long
the Presidential election of 1840, the country
again be prosperous. The effects of the sus-
on will have passed away, like the baseless
of a vision, without leaving a trace behind.
ate experience has been so severe, that the
bank explosion may possibly be postponed
the year 1844. Whom it may then benefit I
not, nor do I much care. One thing is cer-
that these revulsions can never do any thing
injury to the party in power. It is the nature
in to accuse the Government, or any thing
except his own misconduct, for his misfor-
ow approach a much more agreeable part of
subject; and that is, to prove that the banks
and will speedily resume specie payments. I
attempt to establish that now is the very time,
accepted time, the best time, and, within the
d of a few months, the only time, when they
resume, without the least embarrassment.
of the causes which will speedily effect this
result, I shall enumerate.

In the first place, I shall do the banks of the
ry generally the justice to say, that since the
sion of specie payments they have curtailed
circulation and their loans to a great extent,
have done every thing they reasonably could
one for their past extravagance. The banks
nsylvania, including that of the United States,
g a period of ten months, commencing in
ary, and ending in November, 1837, had re-
d their circulation from twenty-five millions
a quarter to almost seventeen millions, and
discounts from eighty-six millions and a half
arly seventy-one millions, whilst, during the
period, they had increased their specie from
millions and three-quarters to upwards of
millions. From all I can learn, they have
since progressing at nearly the same rate,
h I have not seen their official returns.
banks of other States have been generally pur-
the same course. The consequence is, that
confidence of the country in their banking insti-
has been, in a great degree, restored. I feel
niced that if they should resume specie pay-
s to-morrow, in the interior of Pennsylvania,
ast, there would be no run upon them, except
s much silver change as might be required to
ly the place of the miserable trash now in cir-
ulation under the denomination of shinplasters.
eles, they would soon receive on deposit a
er amount from those who have been hoarding
e, under the belief that it would be safer at
e than in the banks, and in the hope that they
ait hereafter use it to great advantage. No
ign demand now exists to drain the banks of
specie; on the contrary, the reflux tide has set
ongly, and is now wafting immense sums of
and silver to our shores.

But, sir, another powerful cause of resumption
exists. Our exports of cotton have, many months
ago, paid our foreign commercial debt. Whilst
that has been extinguished, the disastrous condition
of our currency has reduced almost to nothing the
orders of our merehants for foreign goods. Our
imports are of small comparative value. In the
mean time, our cotton crop of 1837 has been re-
gularly and steadily seeking its accustomed mar-
kets in England and France. We have sold
much, and bought little, and the balance in our
favor is nearly all returning in specie. From the last
English accounts which I have seen, the exports
of specie from that country to this were still on
the increase; and now, by almost every vessel
from abroad which reaches our shores, we are re-
ceiving gold and silver. Specie, by the latest ad-
vices, was the most profitable means of remit-
tance from England to the United States, yielding
a profit of four per cent. When Congress met
in September last, the rate of Exchange against
us on England was upwards of twenty per cent.
It is now reduced to six per cent. which is three or
four per cent. below the specie par. A great re-
volution in so short a period! It proves how vast
are the resources of our country.

This great revolution has been effected by means
of our cotton. The English manufacturers must
have this article, or be ruined. This necessity has
reversed the ordinary laws of trade, and the fo-
reign market for it has remained firm and steady,
although we bring home scarcely any equivalent,
except in specie.

If a large portion of our cotton crop still re-
mains unsold, so much the better. The golden
tide will continue so much the longer to flow into
our country. It is the policy of our banks to take
it at the flood, and go on to fortune. If the banks
do but seize the present golden opportunity, they
will have completely fortified themselves before a
reverse can come. This state of things cannot al-
ways continue. A reaction must occur. If the
banks wait for the ebbing tide, and postpone a re-
sumption until our merchants shall make heavy
purchases abroad, and specie shall begin to be ex-
ported, they will then encounter difficulties which
they need not now dread. I again repeat that this
moment is the accepted time for the banks to re-
sume.

But it is not only the ordinary laws of trade which
are now bringing vast amounts of specie to our
country. Two other causes are operating power-
fully to produce this result.

The conduct of the Bank of England, in arrest-
ing its credits to the American houses, which was
the immediate cause of the suspension of specie
payments, has been loudly condemned by men of
all parties there. This measure has done
that country nearly as much injury as it has
done this, because England must always suffer
from every derangement in our currency. The
Bank is now conscious of this truth, and is
retracing her steps. She has increased her stock of
bullion between February, 1837, and March, 1838,
from £4,032,090 to upwards of ten millions ster-
ling. She is now strong, and it is her interest, as
well as that of the people of England, that she
should use this strength in assisting us to resume

specie payments. Accordingly, she has, through the agency of one of our most intelligent and enterprising citizens, made an arrangement to furnish the banks of New York one million sterling in specie, to aid them in resuming payments in gold and silver. This million is now arriving, by instalments, in the United States. In resuming at the present moment, our banks have every thing to hope, and nothing to fear, from England.

Again: The spirit of internal improvement is abroad throughout our land. States and private companies have loans to make for the purpose of erecting their public works. Money is now plenty in England, and is every where seeking an investment. The derangement in the business of that country has thrown capital out of employment. The rate of interest has been reduced to three and three and a half per cent. Their capitalists are anxious to make secure investments in loans to our different State Governments, and incorporated companies, at a higher rate of interest than they can obtain at home. These loans are now being disposed of in England to a very large amount; and the greater proportion of their proceeds must return in specie to this country. Every thing is propitious to an immediate resumption by our banks.

Will the Bank of the United States resume? I confess I do not doubt the fact. She has made a false movement, and it is the great prerogative of strength to acknowledge and retrieve an error. Her late manifesto against the resumption of specie payments has not found a single advocate on this floor. It has struck dumb all her friends. But yesterday she might have stood against the world. To-day there is none so poor as to do her reverence. Even those who must politically suffer by the resumption, because "it will be conclusively employed at the next elections, to show that the schemes of the Executive are not so destructive as they will prove hereafter," have not dared to break a lance in her defence. This was not wont to be the case in days of yore, for hitherto her champions have been always ready to do battle in her cause. Notwithstanding all which has been said upon the subject, I am not one of those who believe that the Bank of the United States is not able to resume. Although the statement of her condition, as recently published, is not very flattering, yet her resources are vast. She is able if she were willing. Of this I cannot entertain a doubt.

Again: Will not the Bank take compassion on the good city of Philadelphia, which has ever been devoted to its interest? Boston has been called the Athens of America; New York, the great Commercial Emporium; and Baltimore, the Monumental City; whilst Philadelphia has been distinguished by the name of the City of the Bank or marble palace; and well have her citizens earned this distinction by their loyalty. Will the Bank now consent to see her commerce and trade languish, and her star wane before that of New York, rather than retrace its steps and resume specie payments? No, never. Forbid it, gratitude!

That this must be the effect, who can doubt? Merchants who come from a distance to purchase goods with money in hand will go where they can buy the cheapest; and goods at a specie standard must always be cheaper than in a depreciated cur-

rency. Those who have produce to sell, especially if the sale is to be made upon credit, will find that market where they will receive its price in sound currency. Already the prospect of resumption in New York has made Philadelphia's notes worth less by five per cent. than those of New York city. What will this difference become when one city shall have resumed, and the circulation of the other shall be irredeemable paper? Who has money to remit or deposite will send it to Philadelphia, to be returned in notes depreciated to the extent which cannot be foreseen, when they send it to New York with a perfect confidence that it will be returned to them according to the specie standard? Under such a state of things, the currency of New York must increase and flourish at the expense of that of Philadelphia. I have not time present, to enter into further particulars on this branch of the subject.

The people of Pennsylvania have submitted patiently to the suspension of specie payments by their banks. They have bowed to the necessity which existed, and have treated them with kindness and generosity. The Bank of the United States proclaimed its ability to resume, and our banks are in the same situation. The necessity for a further suspension no longer exists. Pay your honest debts when you are able, is a maxim which should be inculcated to the people of Pennsylvania. This duty has become a question of morality, far transcending any question of policy. If these privileged corporations now any longer refuse to pay their holders their debts, either for the sake of their own advantage or from a desire to elevate one political party at the expense of another, the indignation of honest men of all parties, will be roused against them. There will be a burst of popular feeling from our mountains and our valleys, which they will be compelled to respect. Thank God! public opinion in the interior of Pennsylvania is yet stronger than the money power. Our people will never submit to degradation that their banks shall furnish them with currency but that of irredeemable paper; whilst throughout the State of New York, the banks have resumed specie payments. Nothing could be more wounding to my own pride, as a Pennsylvanian.

If our banks should hold out, under the command of their great leader, until the first day of January next, many of them will never be able to resume. The public confidence, which their conduct since the suspension has hitherto inspired, will long ere that distant day cease to exist. A run would now be made on them in case they resumed, but if they are forced into the measure by public opinion, after resisting as long as they can, the days of many of them will then be numbered. Honesty, duty, policy, all conspire to dictate to them a speedy resumption.

In conclusion, permit me to remark, that the people of the United States have abundant cause for the deepest gratitude towards that great and glorious man now in retirement for preventing the recharter of the Bank of the United States. He is emphatically the man of the age, and has left a deeper and more enduring impress upon it than any individual of our country. Still, in regard to the bank, he performed but half his work. For

tion we are indebted to the president of the Bank. Had the Bank confined itself, after it acquired the charter from Pennsylvania, to its mere banking and financial operations—had it exerted its power to regulate the domestic exchanges of the country—and, above all, had it taken the lead in the assumption of specie payments, a new bank, such-like, might have arisen from the ashes of the old. That danger, from present appearances, has now passed away. The open defiance of Congress by the Bank—the laws of the country over and over again violated—its repeated attempts to interfere in the party politics of the day—all, all ought to have taught the people the danger of such a vast and uncontrolled corporation. Mr. Biddle has finished the speech which Gen. Jackson only commenced.

Not one particle of personal hostility towards the gentleman has been mingled in my discussion of the question. On the contrary, as a private gentleman, I respect him; and my personal intercourse with him, though not frequent, has been of the most agreeable character. I am already to do justice to his great and varied merits.

I have spoken of the public conduct of the Bank over which he presides with the freedom and boldness which I shall always exercise in the discharge of my public duties. It is the President of the Bank, not the man, that I have assailed.

It is the nature of the institution over which he presides that has made him what he is. Like all other men, he must yield to his destiny. Possession of such vast and unlimited power, exercised for a long period of years, would have placed the head of almost any other man, and have given him to as great excesses.

Again you may talk to me about paper money in the charter of a bank of sufficient power to be able to crush the other banks of the country. When did a vast moneyed monopoly regard the law, if any great interest of its good in the way? It will then violate its charter, and its own power will secure it impunity. It well knows that in its destruction the ruin of hundreds and thousands would be involved, and therefore it can do almost what it pleases. The conduct of the Bank for several years past has been the continued history of violated laws, and its attempts to interfere in the politics of the country to create another bank, and place any other man at its head, and the result will be same. Such a situation will always hereafter prove too strong for the Government; because we cannot again expect at least in our day, another Andrew Jackson in the Presidential chair. On the other hand, if such a bank, wielding the moneyed power of the country, form an alliance with the political party, and that is the natural position of the party, their combined influence would govern the country, and liberty might become an empty name.

BUCHANAN'S REPLY TO MR. CLAY, ON THE SAME DAY.

MR. BUCHANAN said he had never enjoyed a triumph, and therefore he prized the more the one which he had won this day. He thanked the honorable Senator from Kentucky, [Mr. CLAY], to break that determined silence which hitherto sealed his lips on the subject of this

bill. Thus, said Mr. B. I have adorned my brow with a solitary sprig of laurel. Not one word was he to utter upon the present occasion. This he had announced publicly.

[Here Mr. CLAY dissented.]

MR. BUCHANAN. I thought he had announced the other day his determination not to debate the question, and stated this as the reason why he propounded to the Senator from New Jersey [Mr. WALL] the question whether, in his opinion, John Brockenbrough and Albert Gallatin could be constitutionally punished by Congress for re-issuing the old notes of the Bank of the United States.

[Mr. CLAY again explained.]

Well, said Mr. BUCHANAN, the Senator did intend to address the Senate on this subject, and the only sprig of laurel which I ever expected to win from him has already withered. Yet still there was an evident reluctance on his part, which all must have observed, to enter into this contest. The Senator from Vermont [Mr. PRENTISS] had made an able constitutional argument in opposition to the bill. With the exception of that gentleman, and the Senator from South Carolina, [Mr. PRESTON], a profound silence had reigned on this (the Whig) side of the house. The question had been propounded by the VICE PRESIDENT, and the vote was about to be taken, when I rose and addressed the Senate. Immediately after I had taken my seat, the Senator from Kentucky sprung to his feet, and has made one of his best speeches, for it belongs to the character of his mind to make the ablest efforts with the least preparation. I will venture to say he had not intended to make that speech when he entered the Senate chamber this morning.

[Mr. CLAY admitted this to be the fact.]

Then, said Mr. BUCHANAN, I have succeeded, and my sprig of laurel is again green.

The gentleman says I may hang Nick Biddle, if I please; but I please to do no such thing. I would be sorry to subject him even to the punishment of imprisonment denounced by this bill; and if he should ever be convicted under its provisions, I hope the court may content itself with the infliction of a mere pecuniary fine. Hang Nick Biddle, indeed! I wish to keep him for the service of the Whig party, should they ever come into power. The Senator from South Carolina [Mr. PRESTON] had said, at the extra session, that Mr. Biddle, if appointed Secretary of the Treasury, would, in thirty or sixty days, I forget which, heal all the disorders in the currency, and remove all the financial embarrassments of the Government. His appointment would prove a sovereign panacea for all existing evils. Now I go for this Administration, both from principle and inclination, and shall support the re-election of the present President; but if I were a Whig, the Senator from Kentucky would be my first choice. I should, therefore, be very sorry to deprive him of the services of Mr. Biddle, who will make, in the opinion of the Senator's friend from South Carolina, the very best Secretary of the Treasury in the whole country.

The Senator from Kentucky asks me why I do not defend Mr. Biddle, a distinguished citizen of my own State. My answer is at hand. I cannot defend his conduct as president of the Bank, be-

cause I believe it to be wholly indefensible; and he has been attacked in no other character. I should have been proud and happy to undertake this task, could I have performed it consistently with my conscience. But why does the Senator propound such a question to me? I confidently expected Mr. Biddle would have been defended by a much more eloquent tongue. I defend him! when the eloquent gentlemen all around me are his own peculiar friends; and yet, strange to tell, not one of them has attempted to justify his conduct. "But yesterday he might have stood against the world." "He has fallen, fallen from his high estate." Whence this ominous silence? I wished to hear him defended, if it could be done, by gentlemen of his own political party, who have never hitherto shrunk from such a responsibility.

The Senator asserts that the Bank of the United States is no longer in existence. But are not the president, directors, and officers, the same that they were under the old charter? Has it not branch banks in at least two States—Louisiana and Georgia, and branch agencies scattered over the rest of the Union? And to render its continued existence still more palpable, has it not seized all the notes of the old Bank, good, bad, and indifferent, and converted them to its own use? Why, sir, according to its very last return, it has but little more than three hundred thousand dollars of new notes in circulation, whilst the circulation of its old notes exceeds six millions. Is it not still diffusing its blessings and its benefits every where, in the opinion of its friends and admirers? Why has it not, then, proved to be the grand regulator of the currency, and prevented a suspension of specie payments? If that were impossible, why is it not, at least, the first among the banks to urge their resumption? Had it acted thus, it is possible it might have obtained another charter from Congress. But when we find not only that it could not save itself from the general crash, but that it is now the great leader in opposing a resumption of specie payments, we must lose our confidence in its power as a grand regulator.

But this Bank, says the Senator, is a mere domestic institution of Pennsylvania. With one of its arms stretched across the Atlantic, for the purpose of loaning money, buying bills, and regulating exchanges there, whilst, with the other, it conducts immense banking and trading operations here, co-extensive with the Union, how can it be called a mere domestic institution of a single State? Nay, more: it seems, by its last manifesto, to have taken "the great commercial and pecuniary interests" of the Union into its keeping, both at home and abroad. Sir, a single State cannot furnish employment for its immense capital. It would starve within such narrow limits. It is no more a State institution now than it was under the old charter, except that its existence as the same identical corporation has been continued by an act of the Legislature of Pennsylvania, instead of an act of Congress; and that, too, with much greater powers than it formerly possessed. It never ventured to plant itself in England under the old charter. No sir, let not gentlemen delude themselves. The old Bank of the United States still lives, and moves, and has its being, without even having changed its name.

The Senator from Kentucky asks, why pass this bill? He says it is wholly unnecessary; and when he admits that the present Bank had no legal power to reissue these old notes, he thinks it ought not to be prevented from acting thus, because these notes furnish the best and only universal currency in the Union. The Senator reminds me of the ancient heretics which existed in the Church, mentioned and condemned by the Apostle Paul. Their doctrine was, that it was lawful to do evil that good might come. It seems we are now to have a similar sect of political heretics, whose doctrine is, to violate the law, if you can thereby furnish a good currency for the people. But there was not the same necessity for any such violation. As the old Bank came in, the Bank might have supplied their place by circulating its own new notes. They are a better currency in every respect; because the present Bank is under a legal obligation to redeem them on demand. Not so in regard to the old notes. Their immediate redemption depends upon the honor of the Bank, and nothing more. I have no doubt Mr. Biddle intends to redeem them; but he may not succeed by another and a different man. Besides, the Bank may, in the course of time, become insolvent; and in that event the payment of its own debts must be preferred to that of these redemption notes. It is certain that no direct redemption can be had upon them against the present Bank.

The Senator denounces the present bill not as unconstitutional, but as the most enormous stretch of power he has ever known to be attempted. I am glad to find that the Senator has become an advocate of a strict construction of the Constitution, and an enemy to the exercise of doubtful powers. In this particular we agree. And I am much pleased to learn from himself that he does not concur with the Senator from Massachusetts [WEBSTER] in deriving power over the paper currency of the country from the clauses in the Constitution authorizing Congress to coin money and regulate commerce. By abandoning this latitudinarian construction, however, he virtually surrenders up the power to create a National Bank. The Senator shakes his head, but I shall endeavor to prove that this is the dilemma in which he has placed himself. On what ground did the Supreme Court decide the Bank to be constitutional? It was because Congress, possessing the express power to levy and collect taxes for the purpose of paying the debts of the United States, might create a bank for that purpose, and, in the exercise of this power, might, by implication, if they believed it to be a necessary agent in the execution of this taxing power. Will any man, at this day, pretend that the tax on the Government cannot be collected, and its debts paid, without the agency of such a bank? I think not. It must have been for the purpose of evading himself from this dilemma, and finding some power somewhere else to establish a Bank, that the Senator from Massachusetts asserted a general power in Congress to create and regulate the paper currency of the country, and derived it from the coining and commercial clauses in the Constitution. I should be pleased always to agree with the Senator from Kentucky, and I am glad that we are in denying the power claimed by the Senator from Massachusetts.

In regard to the power to pass this bill, I

the proposition of the Senator from Kentucky fairly as I can. He says that the Bank of the United States is a corporation created by a sovereign power, and that this bill, intended to operate upon a corporation, is wholly unconstitutional and an invasion of State Rights. Now, sir, if the bill is intended to act upon the Bank, as a Pennsylvania corporation, I should abandon the argument. The president and directors of this Bank sustain characters, totally separate and distinct from the Bank. They are officers of the Pennsylvania Bank, and in that character they are beyond the control of Congress. But they have voluntarily assumed another character, by becoming assignees and trustees of the old Bank chartered by Congress, for the purpose of winding up its concerns; and it is in that character, and this alone, that we have any jurisdiction over them. We do not attempt to interfere with the Bank as a corporation of the State of Pennsylvania. No, sir: we only undertake to operate upon it as the assignee of our own old Bank. The gentleman asked if the old Bank had assigned its property to individual trustees, could we pass a law to compel these trustees to wind up its concerns? Most certainly we could; because, no matter into whose hands the duty of winding up the Bank may have passed, we should possess the power to compel a performance of that duty. The power of Congress can never be evaded or avoided by any transfer to trustees made by official or illegal. Our power attaches to such trustees, and will continue until they shall have settled the concerns of the Bank.

The gentleman says that the power to create a bank is one implication, and that to wind it up is another implication, and to pass this bill would have no implication upon implication, like Pelion's Ossa, which cannot be done under the Constitution. Now, sir, to what absurdities does not this argument lead? By implication you can create a bank for a limited period, which you cannot wind up after that period has expired. Your creature, the life of whose existence you have foreordained, defies eternal in defiance of your power. And because you cannot add implication to implication, you are content to let it stand.

The gentleman asks where do you find the winding up power in the Constitution? I answer wherever he finds the creating power. The one necessarily results from the other. If not, when you once call a bank into existence, its charter, though limited to a few years, becomes perpetual. You cannot create that which you cannot destroy, after it has lived its appointed

time. Mr. Gallatin and Mr. Brockenbrough—pretends you can touch them or their banks by law. The bill is confined to your own agents, created under your own law, and therefore subject to your own jurisdiction. These agents are as much under the purpose proposed by the bill, as the president and directors of the old Bank would have been. There is a perfect privity, as the lawyers would say, between the two; nay, there is a perfect identity. It is no argument to say that the old Bank is dead; but even this is not the fact. We have extended its existence at the present session, and I dissenting voice, in either House, for the

purpose of prosecuting and defending its suits, and it has always continued to elect a President and Board of Directors.

The Senator has asked if the Bank of England or any of the banks in Canada had ceased to exist, and their agents in this country should re-issue their old notes, whether we would claim the power of punishing them for that cause. This question, in my opinion, presents the only instance of haste and want of sufficient reflection in the gentleman's speech. There is no analogy between the two cases. Congress never created the Bank of England, nor any bank in Canada, and therefore Congress can never claim any power to close their concerns. We assert no power except over our own Bank and its trustees. We cannot interfere with the banks of the several States, much less with those of a foreign country.

The Senator thinks he has caught me in a palpable inconsistency. He says I first condemned the expansion of the banks in this country, and afterwards condemned the contraction of the Bank of England. I might have done so, in the special case of the refusal of that bank to extend its accustomed credits to the American houses, without any inconsistency; but I expressed no opinion of my own upon the subject. In stating the causes which produced the suspension of specie payments in the United States, I said that this act of the Bank of England had been condemned in that country both by their statesmen and men of business. I passed no censure whatever on the conduct of that bank, and the gentleman, therefore, need not have reminded me that it would but little regard my censure. I am content to confine my humble exertions to our own institutions at home, leaving to other gentlemen the glory of having South America on one side of the Atlantic and Greece on the other, shouting hosannas in their praise.

The gentleman asks, with a triumphant air, where is England and France at the present moment? Are they not prosperous, whilst we are embarrassed? In regard to England, I answer that money there is plenty and cheap; and this simply because business has been paralyzed by the great convulsion under which we have both suffered; and it is the capital which has been thrown out of active employment, from this very cause, which is now seeking investment at a low rate of interest. The commerce and trade of England have fallen off to such an extent that Parliament has been obliged to borrow two millions sterling to meet the current expenses of the Government. In this particular they are placed in a similar situation with ourselves. And yet after all the light which has been shed upon the subject, the gentleman still attributes that convulsion which has shaken the commercial world to its centre, to the removal of the deposits, the Specie Circular, and Gen. Jackson.

I have but lately turned prophet; and there has been such poor success in that line on this side of the House, that I have almost determined to abandon the trade forever. In one respect I resemble the false prophets of old, because they prophesied nothing but good. This may probably result from my sanguine temperament, and my desire to look upon the bright side of human affairs. In my prophetic vision I have therefore never, like the gen-

tleman, denounced war, pestilence, and famine against the country.

The gentleman strongly condemns the members of the present cabinet. I am willing to accord to the President the privilege of selecting his own agents and advisers, without any interference on my part. When he, or they, shall recommend measures of which I disapprove, I shall exercise my right of opposing them as an independent Senator. I do not believe that any evidence can be produced that the President and his cabinet are opposed to the credit system of the country. If this should ever appear, it will then be time enough for me to denounce such a policy. My instructions have prevented me from expressing my views

at length upon this subject. They contain nothing, however, which forbid me from saying, nay I only expressing their sentiment when I assert, a separation of the business of the Government from that of the banks, would be one of the greatest blessings which could be conferred on the country. In releasing the banks from the Government, and the Government from the banks, the interest of both parties would be promoted, mutual jealousies and recriminations would be ended, and the currency and business of the country would cease to be involved in the perpetual struggles which exist for political power.

I might say much more in reply to the gentleman, but I forbear.

5 10. introduction 762
5 10. Speech

NATIONAL DEMOCRATIC COMMITTEE ROOMS, }
August 1st, 1856. }

To JOHN C. RIVES, Esq.,

Official Reporter and Publisher of Debates in Congress.

SIR: As a speech delivered by Mr. Buchanan in the Senate of the United States in 1840, on the Independent Treasury Bill, has been the subject of extensive misrepresentation, and has given rise to what is familiarly known as the "ten cent calumny," I desire you, on behalf of the National Committee, to publish in pamphlet form for general circulation the speech referred to, that the intelligent voters of the country may have the opportunity of reading it and of pronouncing their own judgment upon it. Yours,

CHAS. JAS. FAULKNER,
Chairman, Nat. D. R. C.

The following is the speech which is made the occasion of the charge against Mr. Buchanan. It was made in the Senate of the United States the 22d January, 1840, and may be found at page 129 of the Appendix to the Congressional Globe, 1st session of the 26th Congress.

Washington, 2d Aug., 1856.

JOHN C. RIVES,
Publisher of the Congressional Globe.

INDEPENDENT TREASURY.

SPEECH

OF

HON. JAMES BUCHANAN,
OF PENNSYLVANIA.

IN THE SENATE OF THE UNITED STATES, JANUARY 22, 1840, ON THE INDEPENDENT TREASURY BILL;
IN REPLY TO MR. CLAY, OF KENTUCKY.

Mr. BUCHANAN said:

Mr. PRESIDENT: It is not my purpose, on the present occasion, to go very much at length into a discussion of the provisions of this bill. I intend, in a great degree, indeed almost exclusively, to confine myself to a reply, or at least to an attempt to reply, to the remarks of the Senator from Kentucky, [Mr. CLAY.]

In all discussions, if we desire to arrive at a satisfactory conclusion, it is absolutely necessary that we should distinctly understand what is the question to be discussed. Then let me ask, what is the nature and character of the Independent Treasury bill now before the Senate?

Since the origin of the Government, our own responsible officers have always collected the public revenue, and have always disbursed the public revenue. Heretofore, during the intermediate space of time between its collection and its disbursement, it has been deposited with banking corporations. The object of this bill is to provide that our own responsible officers shall be substituted as depositaries, instead of these banking corporations; and that these officers shall hereafter not only collect and disburse the public money as they have always done, but they shall also have the custody of it the time within which disbursement should be made. Under the

throughout the United States who receives public money is constituted a depository. But there are certain points where very large sums of public money are collected, or are disbursed, or both; and at these points, both the security of the revenue and the public convenience required that there should be depositaries distinct from, and independent of, the collecting officers. These points are Philadelphia, New Orleans, New York, Boston, Charleston, and St. Louis. Accordingly, the bill proposes to convert the Mint at Philadelphia and Branch Mint at New Orleans into places of public deposit, and intrusts the custody of the public money to the Treasurers of these institutions respectively; and it creates sub-treasuries, each to be under the control of a receiver general, at New York, at Boston, at Charleston, and at St. Louis.

Thus far, sir, it will be perceived that this bill makes no change in the settled policy of the country except merely to provide that the public money, in the intermediate time, between its receipt in the Treasury and its disbursement, shall be intrusted to our own responsible officers, instead of irresponsible corporations.

In addition to these provisions the bill contains what has been commonly denominated the specie clause. This section provides that one fourth of the dues of the Government shall be collected in gold and silver, after the 30th of June, 1840; one

half after the 30th of June 1841; three fourths after the 30th of June, 1842; and after the 30th of June, 1843, all the revenue of the Government shall be collected and all its disbursements shall be made in gold and silver coin.

Now, sir, when separated from the details necessary to carry these principles into execution, this is the bill, the whole bill, and nothing but the bill which has excited so much unnecessary alarm throughout the country.

In discussing this bill the Senator from Kentucky has divided his remarks into two general heads. He has first considered the bill according to what its friends say it is; and in the second place, has discussed it according to what he himself believes it to be. In my reply I shall invert this order, because it is necessary first to prove that the Senator himself has entirely mistaken the nature and effects of the measure, and that its friends entertain a just conception of its character.

The Senator held up the bill triumphantly to public view, and declared that it contained within its provisions a great Government treasury bank. Now, if I cannot make it manifest as the light of day that in this proposition he is entirely mistaken, I shall then agree to surrender the whole argument. The Senator has had an unsuccessful chase, through the provisions of this bill, after the lurking monster. Had he succeeded in dragging him into light I should have been one of the first men in the country to assist in putting him to instant death. But,

“He must have optics sharp, I ween,
Who sees what is not to be seen.”

This, I think, has been the case with the Senator from Kentucky.

Now, sir, what is a bank? According to the usual acceptation of the word, in our country, it performs three offices. It receives deposits, it loans money upon discounts, and it issues a paper currency. I acknowledge that, in order to constitute a bank, it is not necessary that it should perform all these three functions. There are banks of discount and deposit merely, and there are also banks of deposit and issue only; and this latter class of banks are the most secure of any in the world, when the deposits are confined to the precious metals, and the issues, in the form of certificates, do not exceed the sums actually deposited. Such was the bank of Amsterdam, and such is now the bank of Hamburg. It would be difficult to form an idea of a bank of issue alone, without deposits or discounts, although I know, from the utter inability of the Bank of England to regulate the paper currency of that kingdom, the question has been seriously considered whether one bank of issue ought to be established, and whether all other banks ought not to be prohibited from emitting paper currency. It is certain that, at the present moment, a bank of issue, purely as a bank of issue, does not exist on the face of the earth. Now, sir, this bill does not authorize the public depositaries to receive money from individuals on deposit; and it not only does not authorize them to loan the public money entrusted to their care, but it makes such an act a felony, punishable by fine and imprisonment. This bill, then, clearly does not create a bank either of deposit or of discount, and the Senator has not contended for any such proposition. He has confined himself to prove that it will create a bank of issue; and I shall examine this proposition a little more in detail.

And, in the first place, if there be a bank lurking in the bill, then we have had a Treasury bank in full operation ever since the origin of the Government, without having the least idea of its existence until the Senator from Kentucky made the discovery. There has been no period of time, since General Washington was first inaugurated in 1789, until the present day, when the Treasurer of the United States did not draw his warrants, either on banks or receiving officers in favor of disbursing officers or creditors of the Government. Without this power the Treasury Department could not exist. Debts could not be paid to individuals, neither could the public revenue be applied to accomplish the objects contemplated by the Constitution. There is no other conceivable mode of conducting this branch of the public business. The bill makes no change whatever in this ancient and necessary practice, except to impose an important limitation upon it which has never heretofore existed; and yet, according to the Senator from Kentucky, it creates a bank of issue; and the drafts drawn by the Treasurer on the public depositaries in favor of public creditors and disbursing officers, are to be the paper currency which it will throw into circulation. This is the sum and substance of his whole argument on this point. He might with the same reason contend, that, if an individual in extensive business had deposits in several banks, and was in the habit of paying his debts and advancing money to his agents by drawing drafts upon these banks, that, therefore, he himself had established a bank of issue. The cases are precisely analogous.

In what part of this bill has the Senator discovered the charter of his bank? He has referred to one, and only one clause, for the purpose of proving its existence. This is to be found in the tenth section of the bill, and, as it is very brief, I shall read it to the Senate. It is as follows:

“And for the purpose of payments on the public account, it shall be lawful for the Treasurer of the United States to draw upon any of the said depositaries, as he may think most conducive to the public interest, or to the convenience of the public creditors, or both.”

There, sir, is the charter; and what is it but a mere recognition of the power which I have just been describing, and which has existed, and must necessarily have existed, ever since the origin of the Government. It requires the Treasurer of the United States to consult both the public interest and the convenience of the public creditor, or both, in selecting the depositary on which to draw his warrant. This he has always done. In the first place he must select a depositary with whom there is an amount of money sufficient to meet the draft; and among such depositaries he must, unless the public interest forbids, draw upon that one where it will be most convenient for the public creditor to receive his money. Why, sir, this clause, so terrific to the imagination of the gentleman, might be stricken from the bill altogether, without producing the slightest inconvenience. The practice which it prescribes, is that which must necessarily be pursued in paying the debts of the Government. And yet this simple and necessary power, is the only part of the bill on which the Senator relies to establish his great Treasury bank!

But I said this bill contained an important limitation which had heretofore existed. This was introduced in the session of 1837, upon my own suggestion, and then approved.

hended that the holders of these Treasury warrants might not present them for payment within a reasonable time; and that a large amount of them might remain outstanding, and be used as bills of exchange. As these outstanding drafts would necessarily represent an equal amount of gold and silver in the hands of the depositaries, it was apprehended that, unless they were speedily presented for payment, a mass of them might continue floating in the community, and thus produce an accumulation of specie in the hands of the depositaries which might prove injurious to the banks. To prevent this evil—to render the draft upon the banks for specie as light as possible—and to cause the gold and silver to flow out of the Treasury into general circulation, as rapidly as it had flowed into it, this amendment was adopted. It now constitutes the twenty-third section of the bill, and is as follows:

"SEC. 23. *And be it further enacted*, That it shall be the duty of the Secretary of the Treasury to issue and publish regulations to enforce the speedy presentation of all Government drafts for payment at the place where payable, and to prescribe the time, according to the different distances of the depositories from the seat of Government, within which all drafts upon them, respectively, shall be presented for payment; and, in default of such presentation, to direct any other mode and place of payment which he may deem proper. But in all those regulations and directions, it shall be the duty of the Secretary of the Treasury to guard, as far as may be, against those drafts being used, or thrown into circulation, as a paper currency or medium of exchange."

One might have supposed, from the extreme horror of the gentleman lest this bill might contain a Treasury bank, that he would have been delighted with the provisions of this section. Not so. On the contrary, he has declared, in the most solemn manner, that it confers a tremendous power on the Secretary of the Treasury, to which no people, jealous of their liberties, ought to submit. The Senator is hard to please. He first denounces, in the strongest terms, the tenth section of the bill, because the Treasury drafts issued under its authority will, in his opinion, become the circulating medium of his Treasury bank; and almost at the very next breath, he denounces, in terms equally strong, the very section which renders it impossible that they ever can become such a circulating medium.

And what is this tremendous power vested in the Secretary of the Treasury by the twenty-third section? Independently of postmasters, there are perhaps a hundred and fifty receivers of public money in the United States. These are scattered from Maine to Georgia, and from the Atlantic to the far West. Some of them are at the distance of fifty miles, and others are a thousand miles from Washington. From the nature and necessity of the case, the discretionary power is conferred upon the Secretary to regulate the "speedy presentation" of these drafts, according to the different distances of the depositories from the seat of Government; but even this is to be done in such a manner as to prevent them from being thrown into circulation as a paper currency or medium of exchange. And yet this is the tremendous power so much to be dreaded! No other provisions could have been made. It would have been a work of endless and unnecessary labor to have attempted to enumerate each of the depositories in the bill, and to have prescribed the time within which drafts on each of them should be presented for

payment. This is a mere matter of detail which must be yielded to the discretion of the Secretary.

And now what, in plain English, is this Government bank? It is no other than the power which has always been exercised by the Treasurer of the United States, to pay the public creditors, and to advance money to the disbursing officers by means of drafts on the public depositaries; with a new restriction, however, imposed upon the holders of these drafts, requiring their speedy presentation, for the express purpose of preventing the possibility of their ever becoming a circulating medium. Any man who can distinguish between a hawk and a handsaw, can discriminate between this simple provision and a great Government Treasury bank.

The Senator, feeling that he has no foundation on which to erect his Treasury bank in the bill as it is, has taxed his fancy—a never-failing resource—to alarm our fears as to what it will become hereafter. He leaves the present far behind and looks forward to the future. He predicts that in less than three years necessity will compel us to change the Independent Treasury into a bank of issue. Having given his fancy the reins, he tells us how this will be performed. The Secretary of the Treasury, instead of giving single drafts on the depositaries for the amount due to public creditors, and the sums to be advanced to disbursing officers, is to have drafts prepared upon bank paper, in the likeness of bank notes, of the denomination of twenty, of fifty, and of a hundred dollars. These drafts he is to pay out like bank paper. The restriction is to be repealed requiring their speedy presentation to the depositaries. They are to become the general circulating medium of the country. In less than ten years the receivers general are to have between forty and fifty millions of gold and silver in their vaults, to be represented by the same amount of Treasury drafts in circulation and in the possession of the banks. The Government then calculating that the demand upon these depositaries will not require them to keep this amount of specie on hand, will draw it out clandestinely for their own purposes, as was formerly done from the Bank of Amsterdam; and that some future President will, by means of this stolen money, subvert the Government and destroy the liberties of the people.

Now, sir, is not this the merest fancy picture that was ever sketched? It is all the offspring of the Senator's own prolific imagination. It is all prophecy, and no fact. Even by his own showing, there is no foundation for it in the bill. On the contrary, every precaution has been used to prevent the possibility of any such occurrences.

And what reason has he to predict that the friends of this measure will change all their principles and purposes in less than three years, and by new legislation convert the Independent Treasury into a government bank? Has not every Senator perceived the holy horror with which my friend from Missouri [Mr. BENTON] was inspired at the bare idea that the Government might ever issue "notes, bills, or paper," receivable in payment of the public dues? His lynx-eyed jealousy seized hold of these general expressions in the 19th and 20th sections of the bill, and although there was nothing on the face of the earth on which these words could operate, unless possibly on some straggling Treasury note which might remain unredeemed long after it became payable, yet he had them stricken from the bill. "He snuffed the

tainted breeze" from afar; and although there was no present danger, yet he saw a possibility that these words might have a meaning hereafter; and that in future years the Government might be willing to issue "notes, bills, or paper," and therefore we all united with him in voting for his amendment. This was, in the phrase of the lawyers, the exclusion of any conclusion which might by possibility be drawn from these general words in favor of Government paper.

But again; did not the Senator from Kentucky perceive with what alacrity the friends of the bill supported the amendment of his colleague, [Mr. CRITTENDEN,] imposing it upon the Secretary of the Treasury as a solemn duty, to take care, in his regulations for the speedy presentation of Government drafts to the depositaries, that these drafts, as far as may be, shall never be used as a paper currency or medium of exchange?

Suppose it were possible that the Secretary of the Treasury, without authority, and in the very face of the provisions of this bill, and the known and avowed opinion of its friends, should, as the Senator supposes he might, circulate these Government drafts in the form of bank paper, and of the denomination of twenty, fifty, and a hundred dollars; what do you think would be the consequence? He would instantly be deprived of his office for this daring violation of law, and would be justly held up to public execration. In justice to that officer, I ought to say that I am not one of those who consider it possible that he could ever dream of pursuing such a course, without the express authority of Congress; and I may venture to predict, with unerring certainty, that such an authority will never be conferred upon him by the present party in power. But even if he should thus violate his duty, whilst the twenty-third section of this bill shall remain in force, these drafts never could become a general circulating medium; and, therefore, there could never be, as the Senator supposes, an accumulation of forty-five or fifty millions of dollars in the hands of the depositaries. But even if this miracle should be accomplished, and a future President should attempt to embezzle this money, for the purpose of subverting the Government, there would still be one most unpleasant obstacle in his way. He would then, under the provisions, of this bill, be guilty of felony, and would be transferred from the White House to the penitentiary. The truth is that, "these hydras, gorgons, and chimeras dire," exist only in the Senator's imagination.

The Senator, in a triumphant tone, exclaimed that, by the passage of the bill, the union of the purse with the sword will be consummated in the hands of the President. This, if true, would indeed be fearful. It would be the death-knell of civil liberty in this country. Wheresoever the power over the purse and the sword is united in the hands of one man, there the Government is despotic. If any Executive Magistrate, be he King, or be he President, possess the sole power to declare war, to raise armies, to impose taxes, and to expend the public money at his pleasure, there must be an end of civil liberty in that country. This, and this alone, is what I understand to be a union of the sword and the purse. But under our Constitution and laws the President neither has, nor ever can have, the power over either. Can he declare war? No, sir; the Con-

stitution expressly confers this power upon Congress. Can he enlist soldiers? No, sir; he could not raise a single company to go to Florida, because Congress alone have the power to raise and support armies. Can he impose taxes upon the people, or borrow money? No, sir; Congress is exclusively vested with the power of laying taxes and borrowing money. But after this money shall have reached the Treasury, can he apply a dollar of it to any use, public or private? No, sir; no money can be drawn from the Treasury but in consequence of appropriations made by Congress. Nay, more; if the President were so far to forget the duties of his high station, as to enter into a collusion with any of the depositaries, and draw one dollar of public money out of their possession, he would, like any other citizen, subject himself to fine and imprisonment. And this is the union of the purse and the sword, which the Senator has so feelingly described! This phrase, I thought, had had its day, and had passed into oblivion; but the Senator has again conjured up the specter, for the purpose of alarming our fears.

The Senator tells us that he has been warring in vain for the last seven years against the extension of executive power and influence. Now, sir, if he had informed us that he had been warring against the Executive, but in favor of an increase of executive power and influence, in my humble opinion he would have come much nearer the mark. It is, perhaps, the strangest spectacle which has ever been presented on the face of the earth, that in this war between the Executive and the Senator's political party, he has been endeavoring to deprive himself of power, whilst they have been struggling to prevent him from making this self-sacrifice.

Let me remind the Senator of a few instances; and first, in regard to internal improvements. I happened to be a member of the other House during the administration of Mr. Adams. I do not intend now to cast any censure upon that Administration. I speak merely of historical facts. In those days, by virtue of an act of Congress, the President exercised the discretionary power of making as many surveys for internal improvements as he thought proper, all of which, it was hoped by those interested, would, at some future day, be constructed by the General Government. Splendid projects of such improvements were presented to dazzle the fancy, and excite the cupidity, of almost every man in the country. Our engineers were constantly traversing the Union from east to west, and from north to south; and before they were arrested in their career, the estimated cost of completing the improvements which they had surveyed or projected, if my memory serves me, amounted to more than one hundred millions of dollars. Here was a vast field for executive influence and power. The fat jobs which might have been bestowed on favorites; the actual expenditure of immense sums of money, and the alluring hope presented by the mere survey of any railroad, turnpike road, or canal, in which masses of people felt an interest; all, all contributed to swell the tide of executive influence. Now, sir, was there ever a lure more tempting to executive ambition than this power of pouring out the public treasure to benefit, and, in their estimation, to bless a large proportion of the people of this country? What

was the conduct of the old Roman in regard to this question? For the good of his country, he sacrificed all this power and all this patronage. His veto of the Maysville road bill arrested the whole system; and, strange as it may seem, a portion of the gentlemen's seven years' war against the Executive, consisted in denouncing this voluntary surrender of executive power and influence, as ruinous to the best interest of the country.

Again: the very bill now before the Senate, against which the gentleman has been warring, is one of the strongest proofs which the present Chief Magistrate could give, that he is willing to abandon a large portion of executive influence. In 1837, there were between eighty and ninety Government deposit banks, scattered over every State in the Union. What an immense political power might have been exercised by the President, through the agency of these banks! We know, from letters read at the called session, that they were not very scrupulous, "where thrift would follow fawning." Affiliated as they were, if the President had been disposed to exert an improper influence over them, they might have been used with prodigious effect to accomplish his purposes. The selection of these depositaries, the amount of the public money which they should receive, how long they should retain it, and in what manner they should conduct their business—all, all was left to executive discretion. What a boundless field for executive influence is that which the present President now desires to abandon! And yet the Senator, both at the called session, and the session succeeding it, warred in favor of compelling him to retain in his hands this unbounded source of political patronage and power. He preferred then, and, such is his detestation for the present bill, would, I presume, even now prefer the deposit-bank system to the Independent Treasury.

Can any man, in sober earnest, compare the influence which the Executive will acquire, under this bill, by the appointment of four receivers general of public money with that over this affiliated league of State banks, which he now desires to abandon? Think ye, sir, that if any of the leading officers of Government, or any of the favored minions of executive power, had desired a loan from one of these banks, that he would have asked in vain? Under the Independent Treasury bill, such favors can never be extended without subjecting both the officer granting them, and the recipient, to punishment in the penitentiary.

The Senator complains that the power of removal from office should exist in the President, and says that he is not at all satisfied with the argument in the first Congress on which it was rested. This power has been exercised, without interruption, ever since 1789. It is not, then, a recent usurpation. The first Congress of the United States which ever assembled, by their construction of the Constitution, solemnly declared that the power of removal was vested in the President; and many of the members of this Congress had themselves been members of the Federal Convention. Since the gentleman addressed the Senate, I have examined the debate, and particularly Mr. Madison's remarks upon this subject, and I think they ought to prove satisfactory to every mind. He sketches the argument in favor of the power with a master's hand.

How could the President execute the laws at all, if this power did not exist? Suppose he should discover that one of the receivers general created by this very bill was applying the public money to his own use—if he were deprived of the power of removing him from office, he might be obliged to look patiently on and suffer him to embezzle millions. Suppose a foreign minister were violating his instructions, and betraying the best interests of his country abroad—what is to be done? Without the exercise of this power, the President would be compelled to wait until the mischief might be entirely consummated—until the country might be ruined—before he could recall this corrupt or wicked minister. I might present a hundred similar instances. This power is essential to the performance of the duty imposed upon the President of seeing that the laws are faithfully executed. Without it he would be deprived of the necessary means of executing this high trust reposed in him by the Constitution. It is, therefore, wonderful how the existence of this power could ever have been seriously contested.

If this power of removal did not exist in the President, it would follow as a necessary consequence that the Senate must remain in permanent session for the purpose of sanctioning removals from office, as they might become necessary, throughout this vast and growing country. The public interest imperiously demands that some power should always exist competent instantly to remove all officers the moment they are discovered to be betraying their trust. But the Constitution never contemplated that the Senate should be in session permanently. Heaven forbid that this should ever be the case! After having been in the political atmosphere of Washington for six months, it is necessary that we should go home to mingle with our constituents, and to breathe the pure air of the country. The American people never will consent, and never ought to consent, that our sessions shall become permanent.

Having now replied to all the arguments adduced by the Senator under his second general head; and having, I think, demonstrated that the bill contains no Government Treasury bank, I shall proceed to reply to those which he urged under the first general head. It will be recollected that this was to consider the bill according to the construction placed upon it by its friends, which, I have endeavored to prove, is the true construction.

Before I address myself directly to the Senator's argument, allow me to indulge in some general observations.

What has been the financial history of this country for the last twenty-five years? I can speak with positive knowledge upon this subject during the period of eighteen years since I first came into public life. It has been a history of constant vibration—of extravagant expansions in the business of the country, succeeded by ruinous contractions. At successive intervals many of the best and most enterprising men of the country have been crushed. They have fallen victims at the shrine of the insatiate and insatiable spirit of extravagant banking and speculation. Starting at the extreme point of depression of one of these periods, we find that the country has been glutted with foreign merchandise, and it requires all our efforts to pay the debt thus contracted to

foreign nations. At this crisis the banks can do nothing to relieve the people. In order to preserve their own existence, they are compelled to contract their loans and their issues. In the hour of distress, when their assistance is most needed, they can do nothing for their votaries. Every article sinks in price, men are unable to pay their debts, and wide-spread ruin pervades the land. During the first year of the cycle, we are able to import but comparatively little foreign merchandise, and this affords the country an opportunity of recruiting its exhausted energies. The next year the patient begins to recover. Domestic manufactures flourish in proportion as foreign goods become scarce. The industry and enterprise of our citizens have been exerted with energy, and our productions have liquidated the foreign debt. The third year, a fair business is done. The country presents a flourishing appearance. The banks, relieved from the drains of specie required for foreign export, begin once more to expand, and tempt the unwary to their ruin. Property of all descriptions commands a fair price. The fourth or the fifth year the era of extravagant banking and speculation returns again to be succeeded by another ruinous revolution.

This was the history of the country up till 1837. Since then we have traveled the road to ruin much more rapidly than in former years. Before that period it had required from three to six years to get up an expansion and its corresponding explosion. We have now witnessed the astounding fact that we can pass through all these changes, and even from one suspension of specie payments to another, in little more than two years.

It is curious to observe with how much accuracy you can read the ever changing condition of this country in the varied amount of our importations. The year 1836 was one of vast expansion, and produced the explosion and suspension of specie payments in 1837. The imports were greatly diminished in 1837, being less than they had been in 1836, by nearly \$50,000,000. In 1838, they had sunk down to \$27,000,000 less than they had been in 1837, and nearly \$77,000,000 less than they were in 1836. In 1839, we had another expansion, and our imports were \$44,000,000 greater than they had been in 1838. This expansion preceded the explosion and suspension of specie payments in the month of October last. Thus we have become such skilful architects of ruin, that a single year was sufficient to prepare the late explosion.

There never has existed a nation on earth, except our own, that could endure such rapid and violent expansions and contractions. It is the buoyancy of youth; it is the energies of our population; it is the spirit which never quails before difficulties, which enables us to endure such shocks without utter ruin. Yes, sir, a difference in the amount of our imports between the years 1836 and 1838, of \$77,000,000, is sufficient to excite the astonishment of the world.

What causes operated chiefly to produce this speedy recurrence of the second explosion and the second suspension of specie payments? Three may be mentioned. In the first place, after the bank suspension of 1837, every person who was friendly to well-regulated banks, if such a thing be possible under the present system, ardently

desired that the different State Legislatures might impose upon them some wholesome restrictions. It was expected that they would be compelled to keep a certain amount of specie in their vaults in proportion to their circulation and deposits; that the foundation of a specie basis for our paper currency should be laid by prohibiting the circulation of bank notes at the first under the denomination of ten, and afterwards under that of twenty dollars; that the amount of their dividends should be limited; and, above all, that upon the occurrence of another suspension, their doors should be closed at once, and their affairs be placed in the hands of commissioners. The different Legislatures met. Much indignation was expressed at the conduct of the banks. They were severely threatened; but at last they proved too powerful for the people. Indeed, it would almost seem as if most of the State Legislatures had met for no other purpose than to legalize the previous suspension of specie payments. No efficient restrictions were imposed; and the banks were thus taught that they might thereafter go unpunished—unwhipped of justice. Past impunity prevented them from reducing their business and curtailing their profits in such a manner as to render them secure in the day of trial. They have fallen again; I fear again to enjoy the same impunity.

In the second place, the immense amount of money loaned to many of the States in England, a large portion of which was brought home in the form of foreign merchandise, afforded great facilities for over-trading, or, rather, over-buying.

And in the third place, the conduct of the Bank of the United States greatly tended to produce these excessive importations. That institution became the broker for the sale of all State bonds in Europe. It endeavored to monopolize the entire cotton trade of the country; and it drew bills of exchange on England most freely at moderate rates, against the proceeds of these bonds and of its cotton. Every temptation was thus presented to speculations in foreign merchandise.

These three causes combining have occasioned a second suspension of specie payments within two years after the first, and produced that bloated credit system, from the wreck of which our country is now deeply suffering.

I most heartily concur with the Senator from Kentucky in one of his positions. We certainly produce too little and import too much. Our expanded credit system is the great cause of this calamity. Confine it within safe and reasonable bounds, and this disastrous effect will no longer be produced. It is not in the power of Congress to do much towards a consummation so desirable. Still we shall do all we can; and the present bill will exercise some influence in restraining the banks from making extravagant loans and emitting extravagant issues.

What effect has this bloated system of credit produced upon the morals of the country? In the large commercial cities it has converted almost all men of business into gamblers. Where is there now to be found the old-fashioned importing merchant, whose word was as good as his bond, and who was content to grow rich, as our fathers did, by the successive and regular profits of many years of patient industry? Such men were the glory and pride of commerce, and elevated the character of their country both at home and abroad. I ask, where are they? Is not the race

almost extinct? All now desire to grow rich rapidly. Each takes his chance in the lottery of speculation. Although there may be a hundred chances to one against him, each, eagerly intent upon the golden prize, overlooks the intervening rocks and quicksands between him and it, and when he fondly thinks he is about to clutch it, he sinks into bankruptcy and ruin. Such has been the fate of thousands of our most enterprising citizens.

If the speculator should prove successful, and win the golden prize, no matter by what means he may have acquired his wealth, this clothes him with honor and glory. Money, money, money, confers the highest distinction in society. The republican simplicity and virtue of a Macon would be subjects of ridicule in Wall street or Chestnut street. The highest talents, directed by the purest patriotism, moral worth, literary and professional fame, in short, every quality which ought to confer distinction in society, sink into insignificance when compared with wealth. Money is equivalent to a title of nobility in our larger commercial cities. This is the effect of our credit system.

We have widely departed from the economical habits and simple virtues of our forefathers. These are the only sure foundations upon which our republican institutions can rest. The desire to make an ostentatious display of rapidly acquired wealth, has produced a splendor and boundless expense unknown in former times. There is now more extravagance in our large commercial cities, than exists in any portion of the world which I have ever seen, except among the wealthy nobility of England. Thank Heaven, this extravagance has but partially reached the mountains and valleys of the interior. The people there, so far as their potential voice can be heard, are determined to put an end to this bloated credit system, which threatens to involve not only their private fortunes, but their political liberties in ruin.

After the revulsion in 1837—after the banks had blown up, and left the Government without a dollar, the President found it necessary to convene Congress. It then became indispensable to take a new departure. The course which ought to be pursued was the question. The banks had betrayed our trust; they had converted our money into rags, by a species of alchemy the very reverse of that which was attempted in former times, of converting baser things into gold. The President then recommended an absolute divorce between bank and State, and his political friends in Congress cordially responded to this recommendation. We then gave our banner to the breeze, with the motto of an Independent Treasury inscribed upon it. Have we not firmly and immovably maintained our position? Had we been the cormorants after office which our enemies have described us to be, we should have yielded our convictions, when we found one State after another abandoning our standard. Neither the love of power nor of place made us falter. We did not yield to the panic of the moment. We have ever since kept this issue distinctly before the people, honestly believing that a separation of the Government from banks was necessary to promote the best and dearest interests of the country. In the opinion of our political opponents, we stood self-immolated. But the people have at length gloriously come to the rescue. The Senator is en-

tirely mistaken in supposing this bill to be unpopular. In every instance, during the elections of the last year, when the question of an Independent Treasury was distinctly made before the people, the result has been either the election of the Administration candidates, or a greatly increased number of votes in their favor. Is it not certain, that if the congressional elections in those States which elected their members in 1838, had been postponed until 1839, we should now be in a triumphant majority in the other House? The Whig party know this; and I am greatly mistaken in the signs of the times, if they have not determined that this bill shall pass. They will no longer give us the battle cry of an Independent Treasury. The bill is destined to become a law during the present session. I prophesy this result, and prophesy it solely upon my opinion of the sagacity of the Whig party. It is possible I may be mistaken, but if I should, I shall have one consolation in my disappointment. If my political existence depended upon the result, I should rather have the success of the Independent Treasury identified with the reelection of Mr. Van Buren, than any other argument which can be used in his favor. It alone would be sufficient to defeat the hero of Tippecanoe.

Now, sir, great changes have taken place in public opinion since September, 1837. The prominent arguments then urged upon this floor against the Independent Treasury bill have nearly all vanished away. We now hear no more of a system of well-regulated specie-paying State banks to act as Government depositories. The half-way house has been abandoned. The accommodations there are no longer good. It is in a ruinous condition, and can no longer shelter those who formerly took refuge in it. The banks have blown up twice within little more than two years, and thus blown this argument of their friends sky-high. No statesman, after our recent experience, would now think of placing the people's treasure with the banks on general deposit for safe-keeping.

Far different is the independent Treasury. It presents every guarantee which can be afforded for the safety and security of the public money. It will be in the custody of officers appointed by the Government, responsible to the Government, and punishable as felons for every violation of their trust. In the day of danger, when the country is involved in war, the money will always be ready: and at such a crisis, the banks would almost certainly suspend specie payments. Besides they are mere State institutions, over which we have no control; and they may, when they please, convert our money into rags, and then place us at defiance. They are beyond the reach of punishment under our authority. The Federal Government cannot justly be considered independent if we must resort to State banks, or to any other power except our own, for the purpose of keeping the money raised from the people by taxation until it can be applied to execute the great powers conferred upon us by the Constitution.

Again: public opinion has annihilated another argument against the Independent Treasury. The Senator from South Carolina [Mr. PRESTON,] in March, 1838, in his tenderness towards the State banks, and for the purpose of enabling them to resume specie payments, proposed that we should,

for a limited period, receive their irredeemable paper in the payment of dues to the Government. Much eloquence was also formerly wasted upon the extreme cruelty of having one currency for the Government and another for the people. Thank God! we hear no more of all this. No person now contends that, under any circumstances, the Government ought to receive depreciated bank paper. Such fantasies have proved too light for earth. They have risen to the moon, where it is said the crude notions of speculative politicians are still floating about, and have a local habitation and a name.

The Senator charges us with having employed the State banks as depositories, and having commended their conduct in the highest terms. This was a grievous sin, and grievously have we answered it. The difference between him and us is this: that after they had shown themselves to be utterly unworthy of our confidence, we abandoned them; but at that moment he clasped them to his bosom. Admitting that there has been inconsistency on both sides, the state of the fact is this: we adopted the State banks; they betrayed us, and we cast them off forever. The Opposition denounced this system in the beginning, and prophesied that it would prove a failure; but at the very moment when their prediction was verified, they embraced these castaways themselves with all the ardor of lovers. These banks, as depositories of the public money, are now repudiated by all parties. Their day has passed, and we shall hear little more of them in connection with this subject.

All men are wise after the fact, but, to look back, it has often occurred to me as wonderful how we could ever have confided in the State banks as safe general depositories of the public treasure. Our system of banking is the very worst, and the most irresponsible that has ever existed on the face of the earth. The charters of these banks nowhere impose any efficient restraints upon the first instinct of their nature, which is to make as much money for their stockholders as possible. They will, therefore, always expand their credits and their issues in the day of delusive prosperity, without regarding the approaching storm. The immense deposits of the Government increased this fatal tendency; whilst the public money was freely loaned, and its security placed at hazard, for the benefit of their stockholders, but for the ruin of the country. The wonder, perhaps, ought rather to be that they held out so long, than that they should have finally exploded.

In 1836, the immense amount of these deposits had stimulated them almost to madness. The expansion was then great beyond all former example. Speculation reigned throughout the land. The suspicions of the country were aroused against the Government, and the banks were charged with granting peculiar favors to men high in office, and to influential partisans of the Administration. They were denominated "the pet banks." Such was the general sense of the insecurity of the public money, in their possession, and such the jealousy which existed among the people, in consequence of their connection with the Government, that I verily believe the present Chief Magistrate would never have been elected, had it not been for the passage of the deposit bill. The adoption of this measure was a choice of evils; but it was a much less evil than to have left nearly \$40,000,000

of the public money in possession of the banks. Under the Independent Treasury system, we shall never again be placed in such a fearful dilemma.

I was very much astonished that he had no homily from the Senator against the specie clause of the bill. Even this seems to have lost much of its terrors. It is no longer the terrific monster which was to devour all the banks and establish a pure metallic currency for all the transactions of all the people of the United States.

There could be no Independent Treasury without this clause. If you were to receive bank notes in payment of the public dues, and retain them in your possession, you would, in this manner, encourage the banks as much to make extravagant expansions, as though you placed the same amount with them on general deposit. Besides, you would thus confer a dangerous power upon the Secretary of the Treasury, enabling him to favor some banks and to ruin others; and even if this power should not be abused, suspicion would always surround its exercise. You must separate from the banks in every particular. Evils, both to them and to the country, will follow from the least connection with them. Besides, if you receive bank notes at all, to the extent of the amount which you hold on hand, you incur the very same risk of having them converted into irredeemable paper by an explosion of the banks, as if they held them on general deposit.

The Senator commenced his speech by presenting us the most gloomy picture of national distress. He predicted that this distress would continue to increase during the present year, and that it would affect all classes of the community. The suffering, he thinks, will be peculiarly severe during the approaching summer. I might say to him,

"Thy wish was father, Harry, to the thought."

I do not believe, however, he would desire that the people should suffer in order to accomplish any political purpose. But if, without contributing to this result himself, it should be the will of the powers above to involve us in pecuniary distress between this time and the presidential election, he would doubtless bear the dispensation with Christian fortitude. It would furnish political capital for his friends, and might contribute greatly to verify his prediction, that General Harrison will take possession of the White House on the 4th of March, 1841.

In my opinion, the Senator has greatly exaggerated the extent of the existing distress. That all classes of the community have suffered in some degree is certain; but intense suffering has been chiefly confined to the large commercial cities, and those portions of the Union, such as the State of Mississippi, where the banks have so evidently ruined the people as to place all doubt of the cause at defiance. Where is there the country under the sun on which a bountiful Providence has poured out more blessings than on Mississippi? No population on the globe, in proportion to their number, produces a larger amount of wealth from the cultivation of the soil. And yet the bounty of Providence has been counteracted by her miserable banking system, and her people are now subjected to intense suffering. In this instance the effect flows so palpably from the cause, that every man sees and feels and knows it. What an astonishing fact was that stated by the Senator from Mississippi, [Mr. WALKER,] that in those

counties of his State where banks do not exist, there is no suffering even at the present moment! If you wanted an illustration of the pernicious effects of the banking system, when it tempts farmers and planters to abandon their own proper business and embark on the ocean of wild speculation, you could not have one more striking than that presented by Mississippi at the present moment. I am not aware that there is much individual distress among the mass of the people in the interior of Pennsylvania. There it is chiefly confined to those who have been tempted, in the way of prosperity, to go beyond their means by the facility of obtaining bank accommodations.

But if I read the signs of the times aright, the crisis has passed, or rather is gradually passing away. We cannot return to a state of prosperity before the presidential election; but the condition of individuals, generally, will not be one of intense suffering. The resources of this vast country are so great, and the productive classes are so industrious, that with two years of fair play, they can produce as much wealth as the speculators have been able to squander in one. There will be great suffering during the next summer, unless it may be in our large commercial cities.

After presenting in glowing colors the distress of the country, the Senator asks, what measure of relief have we proposed? I might ask him, in return, where he will find any clause in the Constitution conferring power upon Congress to regulate the banking and credit system of the respective States, and thus strike at the root of our calamities and embarrassments? The present Administration have not had the slightest agency in creating the existing distress, and can do but little to arrest or prevent its recurrence. This is a duty which devolves upon the States. Still we have proposed a measure which we believe will produce this effect to a limited extent. Our chief objects in adopting the Independent Treasury, are to disconnect the Government from all banks, to secure the people's money from the wreck of the banking system, and to have it always ready to promote the prosperity of the country in peace, and defend it in war. Incidentally, however, it will do some good in checking the extravagant spirit of speculation, which is the bane of the country.

In the first place, by requiring specie in all receipts and expenditures of the Government you will create an additional demand for gold and silver to the amount of five millions of dollars per annum, according to the estimate of the President. A large portion of this sum will be drawn from the banks, and this will compel them to keep more specie in their vaults in proportion to their circulation and deposits, and to bank less. This, so far as it may go, will strike at the root of the existing evil. I fear, however, that it will prove to be but a very inadequate restraint upon excessive banking.

In the second place, this bill will, in some degree, diminish our imports, especially after June, 1842. I most heartily concur with the Senator in desiring this result. What is the condition of our importing business at the present moment? It is almost exclusively in the hands of British merchants, who sell all the manufactures they can dispose of in other portions of the world, and then bring the residuum here to glut our markets. According to our existing laws they receive a credit from the Government for the amount of

its duties. They sell the goods for cash; and this credit becomes so much capital in their hands to enable them to make fresh importations. The Independent Treasury bill requires that all duties shall be paid in gold and silver; and after June, 1842, the compromise law will take away the credits altogether. We shall then have a system of cash duties in operation, which will contribute much to reduce the amount of our importations, and to encourage domestic manufactures.

In the third place, this bill will make the banking interest the greatest economists in the country, so far as the Government is concerned. Their nerve of self-interest will be touched in favor of economy, and this will induce them to unite with the people in reducing the revenue and expenditures of the Government to the lowest standard consistently with the public good. They will hereafter abhor a surplus revenue, as much as they delighted in it formerly, when they used it for banking purposes. Any surplus which may exist in future will be locked up in gold and silver in the vaults of our depositaries; and, in proportion to its amount, will deprive the banks of so much of their specie. They will, therefore, become the partisans of reducing the revenue to the actual and necessary expenditures of the Government, so that the specie may flow out of the Sub-Treasuries with a rapidity corresponding with its influx. Nothing but a large surplus can seriously injure the banks. This was demonstrated to me by one of the most distinguished financiers which our country has ever produced, not himself, I believe, friendly to the Independent Treasury. These Treasury drafts, in the natural course of business, will find their way either into the banks at the very points where our depositaries are situated, or into the hands of individuals there having duties to pay to the Government. Take, for example, New York. A public creditor receives such a draft on the receiver general in payment of his debt. Will he carry it to New York, receive payment, and transport the specie from that city? Such instances will be rare. He will generally deposit it to his credit in the bank with which he transacts his business, wherever that may be. This bank, if not in New York, will transmit it for collection to one of the banks there; and thus these banks will draw the specie from our depositary as rapidly as it is drawn from them for the payment of the public dues. Thus the equilibrium will be preserved, so long as the Government is without a large surplus. In other instances, these drafts will be sought after and procured by individuals having duties to pay, and they will be presented to the receivers general, and accepted by them instead of gold and silver.

I now come to another, and the most important portion of the gentleman's argument. If the President had taken the Senator from Kentucky under his umbrella, and wrapped his India rubber cloak around him, and made him his Palinurus to steer the ship of State—

Mr. CLAY said this was not a possible case.

Mr. BUCHANAN replied, that all things are possible, and wonders will never cease. I admit that such an event is not very probable; but should it ever occur, true as the needle to the pole, the Senator would steer direct for a national bank. This is the Senator's sovereign panacea for regulating the currency of the country and restraining the extravagance of the State banks. I admit

that the true issue now before the country is between an Independent Treasury and a national bank. "The Pet Bank" deposit system has been such an utter failure that another resort to it cannot be seriously contemplated by any considerable portion of the American people. I feel the utmost confidence in the success of the Independent Treasury, should the law be ably and efficiently executed; but should it fail, the next experiment will doubtless be another bank of the United States.

Waiving, at present, the constitutional question on which I have often expressed my opinion before the Senate, I propose to take up the Senator's argument, and prove that such a bank would not regulate the currency if it could; and that even if it felt the will to do so, it would be entirely destitute of the power.

Would such a bank, then, if it could, control and regulate the loans and issues of the State banks? In the affairs of human life, if you expect one agent to restrain another, you ought to render their interests conflicting. This proposition is emphatically true, when such agents are banking corporations, intent upon declaring the largest possible dividends among their stockholders. Now a bank of the United States, so far from feeling any interest adverse to the State banks, would have the very same inducements with them to make extravagant loans and issues. The duty of such a bank, as a regulator of the currency, would be directly at war with its interest as a banking institution. You cannot raise men above the selfish passions of their nature, by making them directors and stockholders in a bank of the United States. When their interest as bankers conflicts with their duty as regulators of the currency, the history of mankind points you to the probable result. Like the State banks, they will always extend their loans and their issues, whenever they can do so without endangering their own security. This is the powerful instinct of self-interest. It is absurd, then, to expect that the president and directors of a bank of the United States will ever become safe and efficient regulators of the currency, in the very face of their own interest as stockholders. It would be easy for me to prove, from historical facts, that neither the former nor the present Bank of the United States ever did exercise a regular and efficient control over the issues of the State institutions. On the contrary, whenever their interest impelled them to extend their own issues, they have pursued this course; and thus, instead of checking, they have given loose reins to the State banks. Both the Bank of the United States and these banks have thus together rushed on, and with united forces have ministered to that spirit of overtrading and extravagant speculation which has so often desolated our country. Time will not permit me to do more than refer to the vast expansions of this bank in 1817 and 1818, in 1823, in 1831, and 1834. These produced ruinous contractions and universal distress. I think I may affirm, with perfect safety, that at each of these periods, instead of restraining the State banks, it took the lead. Has it ever preserved the State banking institutions in a sound condition? Let Mr. Gallatin answer this question. He says that one hundred and sixty-five of our banks broke between 1811 and 1830; and during the greater part of this period, we all know that the present Bank of the United States was in active existence.

My great object, however, at this moment, is to prove, from the present condition of the Bank of the United States, how hopeless it is to expect that any similar institution can ever be relied upon as a regulator of the currency. That bank still exists, if its present condition may be called existence; and this is the first occasion on which I have ever known the Senator to be guilty of ungratefully abandoning an old friend in the hour of calamity. Before I take my seat, I shall endeavor to identify the gentleman and his party with this institution. "They were lovely in life, and in death they shall not be divided."

It is said that the Bank of the United States is now but a mere State institution. But is its character changed by changing the source whence it derives its charter? Is it not still the same institution that it ever has been, with the same capital, the same directors, the same stockholders, and, until very recently, has it not been governed by the same controlling will? Has it not been exultingly proclaimed by its former president that it now has a much better charter from Pennsylvania than that which it had received from Congress? This is strictly the truth; for such a charter as that under which it now exists was never before granted to any banking corporation, either in England or this country. The United States, it is true, ceased to be a stockholder; but it enjoyed the privilege of selling their seven millions of stock, for which it could have procured, and doubtless did procure, a large advance.

From the very nature of things, this vast monopoly, with a capital of \$35,000,000, could not have become a State institution. A single State, with more than a sufficient number of State banks already in existence, could not have furnished employment for its immense capital. It would have starved within such narrow limits.

Did it, in point of fact, confine its operations to Pennsylvania? No sir; it aspired to regulate the currency and exchanges of the whole Union. This was the high political duty to the performance of which it proclaimed itself destined. I tell me that this bank all at once changed its character and became a mere State institution simply because it had received a charter from the Legislature of Pennsylvania, is to deny the evidence of our own senses. Was not the currency issued under the new charter, as well as that issued under the old, declared, in 1836, to be the best currency which the world had ever seen? I tell me that the new notes command the same premium all over the Union, with the old ones; and would they not still continue to command the same premium if it had not fallen—fallen from its high estate?

Why, sir, it became, in fact, more a Bank of the United States, after it received its Pennsylvania charter than it had ever been before. It bought up State banks and converted them into branches, in Louisiana and in Georgia; and shot out its branch agencies over the whole Union. In New York it has established a branch bank, under their free banking law.

Since its new charter, not content with its position in the whole United States, as the theater of its operations, it has established an agency in England and aspired "to beard the lion in his den," and to become the rival of the Bank of England and London itself. It scorned to confine itself to banking operations alone; but has invaded

vince of the merchant, and has attempted to monopolize and regulate the whole cotton trade between Europe and this country. And yet this bank is now said to be a mere Pennsylvania institution!

Now, sir, how has it succeeded in the task which it imposed upon itself—of regulating the bank issues, and the foreign and domestic exchanges of the Union? In little more than one year after its charter from Congress had expired, almost in all respects it was under the same government, and continued to pursue the very same course of policy that it had done before, it became insolvent, and suspended specie payments with less than one million and a half of gold and silver in its vaults, or less than one dollar for every twenty-three of its capital, to meet all its immense liabilities. Their amount at the time I do not recollect at present, nor have I the means of ascertaining it in my possession.

Now, sir, I would ask the Senator, is there the best reason to believe that if this bank had continued to be the depository of the public revenue until May, 1837, that its fate would have been averted; or that we should not then have had a general suspension of specie payments? Why, the public deposits would only have added fuel to the flame; and would have tempted the bank to engage in still wider speculations. The overbanking and overtrading of 1836, which were conducted under its auspices, would have become much greater—the expansion would have been still more extravagant—the bloated credit system which enabled us in that year to import foreign merchandise to the value of nearly \$190,000,000, might have raised our imports up to \$250,000,000; and the catastrophe which followed would have been still more dreadful.

In order to repair its fallen fortunes, true to the nature of its nature, this bank has since proceeded from one extravagance to another, until it is now almost a heap of ruins. Instead of controlling and regulating the other banks of the country, it has notoriously been the chief—nay, almost the cause—of the existing suspension of specie payments. The glory of which its friends now boast is, that it has been able to borrow £800,000 sterling, at an extravagant rate of interest, from private bankers in England, to save it from immediate bankruptcy and ruin. Alas! how are we mighty fallen!

And it is by the creation of another such institution that the Senator seeks to regulate the currency, and control the bank issues of the country! Alas, this is faith against fact; speculation against experience. This would be, to adopt as our model and regulator, an institution precisely similar to that which has been the great author of our bank expansions, and our bloated credit system; and which has fallen under the weight of its own extravagance. With all the experience which the people of the United States have had upon this subject, it will be long, I trust, very long, ere they return to a bank of the United States. But I proposed to prove that, even if a bank of the United States had the disposition to restrain the loans and issues of the State banks, it would not possess the power. I suppose a case for the purpose of the argument, which can scarcely ever be met, because, as a regulator of the currency, it would have a duty to perform directly at war with the interest of its stockholders.

The only mode by which it has been thought

that this object could be accomplished, was for the Bank of the United States, confining its own business within safe and proper limits, to receive the notes of the State banks on deposit and in payment, and to call upon them at short periods to pay the balances in specie. But, in the nature of things, it would be impossible for such a bank to receive the notes, and restrain the overissues of more than a very few of the eight hundred banks which are now scattered over this country. Each of these banks has its own limited sphere of circulation, and they are not compelled to receive the paper of each other. In point of fact, this is not generally done; nor could any bank of the United States be required to receive all the notes which these eight hundred paper manufacturing factories are constantly pouring out upon the public. From the law which regulates currency, that which is the worst, has always the most extensive circulation. Individuals will always hold fast by the gold and silver, and pass away the bank notes; and of these notes, they will pay out the doubtful, and preserve those which are above suspicion. No bank of the United States, however great its capital, and extended its powers, could ever reach the evil. It could never transact business with one bank in ten, I might say in twenty, of the whole number.

But it is in vain to speculate upon this subject. Experience is the best teacher. One fact is worth one hundred arguments. Independently of the adverse experience of our own country, the experiment has been tried by the Bank of England under the most auspicious circumstances, and it has utterly failed.

The real capital of the Bank of England is about \$70,000,000, and it has ten branches at the most commercial and manufacturing points of the kingdom. In 1836 the rate of foreign exchange was largely against England. The specie of the bank was, therefore, gradually drawn from its vaults for exportation. It became necessary, for its own salvation, that it should make a vigorous effort to diminish the amount of the circulating paper medium, and thereby restore the equilibrium of the foreign exchanges. The bank credits and currency of England had become so inflated, and, in consequence, the prices of all articles had advanced to such a standard, that, to use the language of one of their own statesmen, it had become the best country to sell in, and the worst country to buy in, throughout the world. It was profitable, therefore, to import every foreign production which could be admitted to entry, and on account of the high paper prices of their domestic productions their exports were greatly diminished. The consequence was a continued and ruinous drain of specie from the Bank of England to adjust the balance of the trade against that country. The bank well knew that, if it could limit the amount of the paper circulation, it would reduce the price of their home productions in the same proportion, and thus render it profitable for foreign merchants to export British manufactures instead of specie. For this purpose it contracted its loans and issues, in the vain hope that the joint-stock and private banks would be compelled to follow its example. In our slang, it put the screws upon them. What was the result? I shall not enter upon a detail of particulars. It is sufficient to say, that, as it contracted, the other banks of the kingdom expanded their loans and their issues; and that, too, in a greater proportion than its loans and issues

were diminished. Prices still continued to rise, and bullion still continued to be drawn out of the bank for exportation. The utter impotency of this grand regulator of the currency to control the other banks and keep the paper currency of the kingdom within such limits as to arrest the exportation of gold and silver, has thus been so clearly demonstrated, that many of the ablest British statesmen despair of accomplishing the object in any other manner than by restricting the issues of paper money to a single bank, and regulating their amount by the agency of the Government. Here, then, is an important fact incontestibly established. If this be true—and there can be no question of its truth—I would ask the Senator how a national bank, even with a capital of \$50,000,000, could regulate and restrain within proper limits, the loans and issues of eight hundred State banks, scattered over the whole extent of this vast country? The thing is impossible. It could not be accomplished by such a bank.

And what is the condition of the Bank of England at the present moment? According to the testimony of Mr. Horsley Palmer, its President, given before the secret committee of the House of Commons, previous to its re-charter in 1833, the principle on which it had proceeded in regulating its issues, was to keep as much coin and bullion in its coffers as amounted to a third part of its liabilities, including sums deposited, as well as notes in circulation. Experience had established the fact that this rule of one for three of circulation and deposits was the safe proportion. Its necessities have compelled it to depart widely from this rule of its own creation. Instead of being able to regulate the loans and issues of other banks, it has with difficulty been able to save itself. It has been going down and down, until, according to the last quarterly statement of its condition which I have seen, it had not one pound sterling in bullion for seven of its circulation and deposits. In this respect it is in a much worse condition than many of the banks in our own country. In order to save itself from utter ruin, British pride has humbled itself so much, that the Bank of England became a suppliant to that of France for a supply of bullion, which was graciously, though condescendingly, granted. This fact is the highest evidence it is possible to present of the advantages which a country, the basis of whose circulation is gold and silver, enjoys over another country whose paper currency is greatly expanded. The Bank of England will probably never see the day, under its present charter, when its bullion will again be equal to one third of its circulation and deposits. Indeed, one bad crop, in its present condition, would drain it of its gold and silver for the purpose of purchasing foreign grain, and compel it to suspend specie payments. Neither this bank, nor the Bank of the United States, can ever be relied upon as regulators of the loans and issues of the other banks of their respective countries.

The Senator from Kentucky would have "*a well regulated* Bank of the United States." He lays great emphasis upon the words "*well regulated*." Does he mean to insinuate that the present Bank of the United States, under its charter from Congress, was not the best-regulated bank which the world ever saw? I had thought that, in his opinion, this bank was perfection itself. The truth, however, is, that any regulations which you can prescribe in the charter of such an institution,

will be disregarded, whenever a powerful interest dictates their violation. Like the strong man of the Scriptures, it will snap the chords by which it is bound, as if they were thread. It will calculate upon violating its charter with perfect impunity, because it well knows how unwilling Congress would be to inflict so much evil upon the country as would necessarily result from its sudden destruction. Once put such an institution into successful operation, and you can no longer regulate its action by the restrictions of its charter. The present bank was ever a lawless institution, upon the day when it fraudulently seized upon the entire circulation of the old bank, illegal bank drafts and all, and compelled Congress to pass a law making it a penitentiary offense in its office to reissue these "resurrection notes." Under State charter, it has been true to its original character. Although it now has a charter such as no other banking institution ever had, it has already been guilty of several palpable violations of its charter, independent of having twice suspended specie payments. I shall not trouble the Senator with the enumeration of these violations. It has now at the mercy of the Legislature. It has pronounced its own doom under its own charter, and it now only remains for the Legislature or Governor to carry this sentence into execution through the agency of the judicial tribunals. Whether they shall enforce this forfeiture or not is for them in their wisdom to determine, not for me. I shall not, in this place, attempt to interfere with their high and responsible duties, although I should consider it the greatest of all bank reforms, if such a bank could be blotted out of existence.

The Senator ridiculed the idea that the establishment of a new Bank of the United States could prove dangerous to civil liberty. Such a bank, with a capital of from fifty to a hundred millions of dollars, with branches in every State of the Union, directing, by its expansions and contractions, when prices should rise, and when they should fall, would be a most tremendous instrument of irresponsible power. It would be a machine much more formidable than this Government, even if the Administration were as corrupt as the fancy of some gentlemen has painted it. There is a natural alliance between wealth and power. Mr. Randolph once said, "Male and female created he them." Combine the moneyed aristocracy of the country, through the agency of a National Bank, with the Administration, and their united power would create an influence which it would be almost impossible for the people to withstand. We should never again see these powers in hostile array against each other. In the days of General Jackson we witnessed the exception, not the rule. Give any President such a bank as I have described, and we shall, hereafter, have a most peaceful succession. With all the power of the Executive, combined with all the wealth of the country, he would be the most arrogant blockhead in the world if he were not able to elect himself, and to nominate his successor. The forms of the Constitution might still remain. The people might still be deluded with the idea that they elected their President; but the animating spirit of our free institutions would be gone forever. A secret, but all-pervading, moneyed influence, would sap the foundations of liberty and render it an empty name.

The immense power of such an institution manifested in the tremendous efforts which

le against General Jackson. Had he not ended more personal popularity in this country than any man who ever lived, these efforts would have proved irresistible. As it was, the conflict was of the most portentous character, and shook the Union to its center. Indeed the bank, at one time, would, in all human probability, have gained victory, had the election of President chanced to occur at that period; and we should then have witnessed the appalling spectacle of the triumph of the bank over the rights and liberties of the people. The Constitution of the country and the democratic party would then have been prostrated forever.

On Friday last, when I very unexpectedly addressed the Senate, I stated a principle of political economy which I shall now read from the book. It is this: "that if you double the amount of the necessary circulating medium in any country, you thereby double the nominal price of every article. If, when the circulating medium is fifty millions, an article should cost one dollar, it would cost two if, without any increase of the quantity of a circulating medium, the quantity should be increased to one hundred millions." The effect would be produced, whether the circulating medium were specie, or convertible bank paper mingled with specie. It is the increased quantity of the medium, not its character, which produces this effect. Of course I leave out of view inconvertible bank paper.

Do not pretend that, on questions of political economy, you can attain mathematical certainty. All you can accomplish is to approach it as near as possible. The principle which I have stated is sufficiently near the truth to answer my present purpose. From this principle, I drew an inference of the extravagant amount of our circulating medium, consisting, in a great degree, of the notes put out upon the community by eight hundred banks, was injurious to our domestic manufactures. In other words, that extravagant banking and domestic manufactures are directly hostile to each other.

I did not understand that the Senator from Massachusetts, [Mr. DAVIS,] contested the general proposition that an increase in the currency of any country, without any increase of the uses of a circulating medium, would, in the same proportion, enhance the price of all the productions of a country whose value was not regulated by a foreign demand. He could not have contested this principle. If he had, all history and all experience would have been arrayed against him.

The discovery of the mines of South America, and the consequent vast increase of the precious metals put into circulation in the form of money, greatly enhanced the nominal prices of all property throughout the world. Indeed, it is a matter of curious amusement, to contrast the low prices of all articles three centuries ago, with their present greatly advanced rates. The Government of England recognizes, and constantly acts upon this principle, though often without success. When prices become so high, in consequence of the redundancy of paper currency and bank credits, it is more profitable to export the precious metals from the kingdom than its manufactures, the bank constantly diminishes its loans, raises the rate of interest, and reduces its circulation, the avowed object of reducing prices to such a standard as will render it more profitable to export merchandise than bullion. It is in this man-

ner that the Bank seeks to regulate the foreign exchanges.

But why need we resort to foreign nations for illustrations of the truth of this position when it has been brought home to the actual knowledge of every man within this country? Have we not all learned, by bitter experience, that when our periodical expansions commence, the price of all property begins to rise? It goes on increasing with the increasing expansion, until the bubble bursts; and then bank accommodations and bank issues are contracted, the amount of the currency is reduced, and prices fall to their former level. This is the history of our own country, and we all know it. A certain amount of currency is necessary to represent the entire exchangeable property of the country; and if this amount should be greatly increased, without a corresponding increase in the exchangeable productions of the country, the only consequence would be a great enhancement in nominal prices. I say nominal; because this increased price will not enable the man who receives it to purchase more real property or more of the necessaries and luxuries of life than he could have done before.

Let me now recur to the proposition with which I commenced; and I repeat that I do not pretend to mathematical accuracy in the illustration which I shall present. The United States carry on a trade with Germany and France; the former a hard-money country, and the latter approaching it so nearly as to have no bank notes in circulation under the denomination of five hundred francs, or nearly one hundred dollars. On the contrary, the United States is emphatically a paper-money country, having eight hundred banks of issue; all of them emitting notes of a denomination as low as five dollars, and most of them one, two and three-dollar notes. For every dollar of gold and silver in the vaults of these banks, they issue three, four, five, and some of them as high as ten, and even fifteen dollars of paper. This produces a vast but ever-changing expansion of the currency; and a consequent increase of the prices of all articles, the value of which is not regulated by the foreign demand, above the prices of similar articles in Germany and France. At particular stages of our expansions, we might with justice apply the principle which I have stated to our trade with these countries, and assert that, from the great redundancy of our currency, articles are manufactured in France and Germany for one half of their actual cost in this country. Let me present an example. In Germany, where the currency is purely metallic, and the cost of every thing is reduced to a hard-money standard, a piece of broadcloth can be manufactured for fifty dollars; the manufacture of which, in our country, from the expansion of our paper currency, would cost one hundred dollars. What is the consequence? The foreign French or German manufacturer imports this cloth into our country, and sells it for one hundred dollars. Does not every person perceive that the redundancy of our currency is equal to a premium of one hundred per cent. in favor of the foreign manufacturer? No tariff of protection, unless it amounted to prohibition, could counteract this advantage in favor of foreign manufactures. I would to Heaven that I could rouse the attention of every manufacturer of the nation to this important subject.

The foreign manufacturer will not receive our

bank notes in payment. He will take nothing home except gold and silver, or bills of exchange, which are equivalent. He does not expend this money here, where he would be compelled to support his family, and to purchase his labor and materials at the same rate of prices which he receives for his manufactures. On the contrary, he goes home, purchases his labor, his wool, and all other articles which enter into his manufacture, at half their cost in this country; and again returns to inundate us with foreign woollens, and to ruin our domestic manufactures. I might cite many other examples: but this, I trust, will be sufficient to draw public attention to the subject. This depreciation of our currency is, therefore, equivalent to a direct protection granted to the foreign over the domestic manufacturer. It is impossible that our manufacturer should be able to sustain such an unequal competition.

Sir, I solemnly believe that if we could but reduce this inflated paper bubble to any thing like reasonable dimensions, New England would become the most prosperous manufacturing country that the sun ever shown upon. Why cannot we manufacture goods, and especially cotton goods, which will go into successful competition with British manufactures in foreign markets? Have we not the necessary capital? Have we not the industry? Have we not the machinery? And above all, are not our skill, energy, and enterprise, proverbial throughout the world? Land is also cheaper here than in any other country on the face of the earth. We possess every advantage which Providence can bestow upon us for the manufacture of cotton; but they are all counteracted by the folly of man. The raw material costs us less than it does the English, because this is an article, the price of which depends upon foreign markets, and is not regulated by our own inflated currency. We, therefore, save the freight of the cotton across the Atlantic, and that of the manufactured article on its return here. What is the reason that, with all these advantages, and with the protective duties, which our laws afford to the domestic manufacturer of cotton, we cannot obtain exclusive possession of the home market, and successfully contend for the markets of the world? It is simply because we manufacture at the nominal prices of our own inflated currency, and are compelled to sell at the real prices of other nations. Reduce our nominal to the real standard of prices throughout the world, and you cover our country with blessings and benefits. I wish to Heaven I could speak in a voice loud enough to be heard throughout New England; because, if the attention of the manufacturers could once be directed to the subject, their own intelligence and native sagacity would teach them how injuriously they are affected by our bloated banking and credit system, and would enable them to apply the proper corrective.

What is the reason that our manufacturers have been able to sustain any sort of competition, even in the home market, with those of British origin? It is because England herself is, to a great extent, a paper-money country, though, in this respect, not to be compared with our own. From this very cause prices in England are much higher than they are upon the continent. The expense of living is there double what it costs in France. Hence, all the English who desire to nurse their fortunes by living cheaply emigrate from their own country to France, or some other portion of

the continent. The comparative low prices of France and Germany have afforded such a stimulus to their manufactures that they are now rapidly extending themselves, and would obtain possession, in no small degree, even of the English home market, if it were not for their protecting duties. Whilst British manufactures are now languishing, those of the continent are springing into a healthy and vigorous existence. It was but the other day that I saw an extract from an English paper which stated that whilst the cutlery manufactured in Germany was equal in quality with the British, it was so reduced in price that the latter would have to abandon the manufacture altogether.

The Senator from Massachusetts, after all our experience, doubts whether our currency has been inflated beyond the proper degree; and to prove that it has not been, he says that the rates of exchange upon England have often been below par. This fact does not tend to prove that our paper currency is not inflated at home. Our foreign exchanges are regulated by the specie standard of the world, not by the amount of our bank issues at home; and whether they are above or below par depends upon whether we are the debtor or the creditor nation. We ought always to be, and would always be, the creditor nation if it were not for our extravagant speculations in foreign merchandise, produced by the redundancy of our paper credits and circulation. Our immense exports of cotton ought always to produce a balance of trade in our favor; and yet this is rarely the case. There is generally a particular period, however, in the progress of each one of our expansions and contractions, when exchange is in our favor. This occurs after our cotton and other exports have paid the debt previously contracted to foreign nations, and before we have lost the time and the ability to get fairly under way in a new career of extravagant importations. I say that this circumstance proves that our paper currency is not inflated is an argument which I cannot understand. It proves nothing but that Providence has provided us a resource in our production of cotton, which enables us to repair the injuries which we suffer from our extravagant speculations. It does not touch my argument, nor show the pernicious influence which our expanded currency exerts on our domestic manufacture. If it were not for this cause exchanges would not only be occasionally, but always, in our favor, and the Bank of England could not exercise the controlling influence over our banking institutions of which the Senator from Kentucky so loudly complains. This influence is derived solely from the fact that we are almost always the debtor nation, as we must continue to be until our wild speculations shall be arrested.

In addition to the reason suggested why foreign exchange has sometimes been in our favor, notwithstanding our extravagant importations, I might add another which has operated with great power during the last two or three years. This is the immense amount of money which several of the States have borrowed from England within that period. This money constituted a fund, from which bills were drawn to a large amount, and consequently reduced the rate of exchange. The payment of the interest on this debt, particularly as we shall probably not soon increase the principal, will operate hereafter in a contrary direction, and will tend to raise, not reduce, the rates of our foreign exchanges.

But the Senator from Kentucky leaves no stone turned. He says that the friends of the Independent Treasury desire to establish an exclusive metallic currency, as the medium of all dealings throughout the Union; and also, to reduce the wages of the poor man's labor so that the rich employer may be able to sell his manufactures at a lower price. Now, sir, I deny the correctness of both these propositions; and, in the first place, for one, am not in favor of establishing an exclusive metallic currency for the people of this country. I desire to see the banks greatly reduced in number; and would, if I could, confine their accommodations to such loans or discounts, for limited periods, to the commercial, manufacturing, and trading classes of the community, as the ordinary course of their business might render necessary. I never wish to see farmers and mechanics and professional men tempted, by the facility of obtaining bank loans for long periods, to abandon their own proper and useful and respectable spheres and rush into wild and extravagant speculation. I would, if I could, radically reform the present banking system, so as to confine it within such limits as to prevent future suspensions of specie payments; and without exception, would instantly deprive each and every bank of its charter which should again suspend. Establish these or similar reforms, and give us a specie basis for our paper circulation, by increasing the denomination of bank notes first to ten, and afterwards to twenty dollars, and I will then be the friend, not the enemy of banks. Now that the existence of banks and the circulation of bank paper are so identified with the interests of our people, that they cannot be abolished, even if this were desirable. To reform, and not to destroy, is my motto. To confine them to their appropriate business, and prevent them from ministering to the spirit of wild and reckless speculation, by extravagant loans and issues, is all which ought to be desired. But this I shall say. Experience should prove it to be impossible to enjoy the facilities which well regulated banks would afford, without, at the same time, continuing to suffer the evils which the wild excesses of the present banks have hitherto entailed upon the country, then I should consider it the lesser evil to abolish them altogether. If the State Legislatures shall now do their duty, I do not believe it will ever become necessary to decide on an alternative.

We are also charged by the Senator from Kentucky with a desire to reduce the wages of the poor man's labor. We have often been termed enemies on our side of the House. It is something new under the sun, to hear the Senator and his friends attribute to us a desire to elevate the wealthy manufacturer, at the expense of the poor man and the mechanic. From my soul, I respect the laboring man. Labor is the foundation of the wealth of every country; and the free laborers of the North deserve respect, both for their probity and their intelligence. Heaven forbid that I should do them wrong! Of all the countries on the earth, we ought to have the most consideration for the laboring man. From the nature of our institutions, the wheel of fortune is constantly revolving and producing such mutations in property, that the wealthy man of to-day may become the poor laborer of to-morrow. Wealth often takes to itself wings and flies away. A large fortune rarely lasts beyond the

third generation, even if it endure so long. We must all know instances of individuals obliged to labor for their daily bread, whose grandfathers, were men of fortune. The regular process of society would almost seem to consist of the efforts of one class to dissipate the fortunes which they have inherited, whilst another class, by their industry and economy, are regularly rising to wealth. We have all, therefore, a common interest, as it is our common duty, to protect the rights of the laboring man; and if I believed for a moment that this bill would prove injurious to him, it should meet my unqualified opposition.

Although this bill will not have as great an influence as I could desire, yet, as far as it goes, it will benefit the laboring man as much, and probably more than any other class of society. What is it he ought most to desire? Constant employment, regular wages, and uniform reasonable prices for the necessaries and comforts of life which he requires. Now, sir, what has been his condition under our system of expansions and contractions? He has suffered more by them than any other class of society. The rate of his wages is fixed and known; and they are the last to rise with the increasing expansion and the first to fall when the corresponding revulsion occurs. He still continues to receive his dollar per day, whilst the price of every article which he consumes is rapidly rising. He is at length made to feel that, although he nominally earns as much, or even more than he did formerly, yet, from the increased price of all the necessaries of life, he cannot support his family. Hence the strikes for higher wages, and the uneasy and excited feelings which have at different periods, existed among the laboring classes. But the expansion at length reaches the exploding point, and what does the laboring man now suffer? He is for a season thrown out of employment altogether. Our manufactures are suspended; our public works are stopped; our private enterprises of different kinds are abandoned; and, whilst others are able to weather the storm, he can scarcely procure the means of bare subsistence.

Again, sir; who, do you suppose, held the greater part of the worthless paper of the one hundred and sixty-five broken banks to which I have referred? Certainly it was not the keen and wary speculator, who snuffs danger from afar. If you were to make the search, you would find more broken bank notes in the cottages of the laboring poor than anywhere else. And these miserable shimplasters, where are they? After the revulsion of 1837, laborers were glad to obtain employment on any terms; and they often received it upon the express condition that they should accept this worthless trash in payment. Sir, an entire suppression of all bank notes of a lower denomination than the value of one week's wages of the laboring man is absolutely necessary for his protection. He ought always to receive his wages in gold and silver. Of all men on the earth, the laborer is most interested in having a sound and stable currency.

All other circumstances being equal, I agree with the Senator from Kentucky that that country is most prosperous where labor commands the highest wages. I do not, however, mean by the terms "highest wages," the greatest nominal amount. During the Revolutionary war, one day's work commanded a hundred dollars of continental paper; but this would have scarcely pur-

chased a breakfast. The more proper expression would be, to say that that country is most prosperous where labor commands the greatest reward; where one day's labor will procure not the greatest nominal amount of a depreciated currency, but most of the necessities and comforts of life. If, therefore, you should, in some degree, reduce the nominal price paid for labor, by reducing the amount of your bank issues within reasonable and safe limits, and establishing a metallic basis for your paper circulation, would this injure the laborer? Certainly not; because the price of all the necessities and comforts of life are reduced in the same proportion, and he will be able to purchase more of them for one dollar in a sound state of the currency, than he could have done, in the days of extravagant expansion, for a dollar and a quarter. So far from injuring, it will greatly benefit the laboring man. It will insure to him constant employment and regular prices, paid in a sound currency, which, of all things, he ought most to desire; and it will save him from being involved in ruin by a recurrence of those periodical expansions and contractions of the currency, which have hitherto convulsed the country.

This sound state of the currency will have another most happy effect upon the laboring man. He will receive his wages in gold and silver; and this will induce him to lay up, for future use, such a portion of them as he can spare, after satisfying his immediate wants. This he will not do at present, because he knows not whether the trash which he is now compelled to receive as money, will continue to be of any value a week or a month hereafter. A knowledge of this fact tends to banish economy from his dwelling, and induces him to expend all his wages as rapidly as possible, lest they may become worthless on his hands.

Sir, the laboring classes understand this subject perfectly. It is the hard-handed and firm-fisted men of the country on whom we must rely in the day of danger, who are the most friendly to the passage of this bill. It is they who are the most ardently in favor of infusing into the currency of the country a very large amount of the precious metals.

The Senator has advanced another position in which I am sorry I cannot agree with him. It is this: that a permanent high rate of interest is indicative of the prosperity of any country. Now, sir, a permanent high rate of interest is conclusive evidence of a scarcity of capital, and is indicative of anything but prosperity. I think, therefore, it would puzzle him, with all his ingenuity, to establish his proposition. To render a country truly prosperous, capital and labor must be so combined as each to receive a fair reward. In England, when the rate of interest was very high, the country was not at all in a flourishing condition; but as capital gradually accumulated, and the rate of interest consequently sunk, she became more and more prosperous, though she did not reach her highest elevation until money yielded considerably less than five per cent. But this subject is so little relevant to the question under discussion, that it is scarcely necessary to pursue it. If it were, it would be easy to show that a high rate of interest, generally, if not universally, enters into direct conflict with the wages of labor, which the Senator is so anxious to maintain. Suppose, for example, that it required a capital of \$20,000 to put and to preserve an iron manufactory in suc-

cessful operation. In one country the interest on this sum at ten per cent. would amount to \$2,000 whilst in another it could be procured at four per cent., or \$800. The difference would be \$1,200 and, unless this amount can be saved either by reduction in the wages of labor, or in some other manner, the manufacturer who pays the high rate of interest cannot endure the competition. A higher rate of interest almost always presses upon the wages of labor.

If the gentleman's theory be correct, Wall street must be a perfect paradise of prosperity. *There* the rate of interest for a long time has been permanently high, varying between two and four per cent. a month, or between twenty-four and forty-eight per cent. per annum. Post notes of the Bank of the United States have been discounted freely at two per cent. per month. With these facts before him, Mr. Jeffery would not now declare, as the Senator informs us he formerly did, "that this country was the heaven of the poor man and the hell of the rich." He might probably reverse the position, though it would be equally extravagant one way as the other. A country in which a rich man can realize from twenty-four to forty-eight per cent. for his money, would certainly be another thing but a place of torment for him. But what is the condition of a poor man in such a country? When capital commands such an extravagant interest to liquidate commercial debts, it will no longer be used in the employment of labor; and hence poor men must necessarily be thrown out of employment. Such a condition is anything but a heaven for them.

The Senator exclaims with holy horror, "the Stuarts are still upon the throne, and Charles the Second has succeeded Charles the First." He has, I think, been very unfortunate in this historical allusion, if he intended to compare our Andrew with the first Charles. The enemies of Charles cut off his head, whilst our Andrew, political speaking, cut the heads off all his enemies; and many of them were in such terror of him, that they dreaded he might turn the metaphor into reality, and cut off their heads in earnest. Charles the Second did not succeed Charles the First. A Lord Protector intervened. Although he and the honorable Senator from Kentucky are as different in other respects as two able and brave men could be, yet whilst he was speaking, it struck me that there was one striking point of resemblance between them. And what, sir, do you think that was? My Lord Protector always begun and ended everything, as the Senator has begun and ended his speech—with prayer. Then, in regard to the Second Charles, I have a little to say. Of all men the Senator ought to be the last to disparage Oliver Martin. I have read of a great conquered general who always pronounced his conqueror to be a very able and brave man, because, as the historian observes, it would have lessened the merits of the vanquished to have been overcome by a fool or coward. The Senator, in speaking of Martin, ought rather to exclaim,

"Great let me call him, for he conquered me."

If, in addition, the little magician should be victorious over the hero of Tippecanoe in the great battle to be fought the approaching autumn, as I have full faith that such will be the result, then he will go down to posterity with all "his blushing honors thick upon him."

Thanking the Senate for their patient attention I shall now resume my seat.